

UNITED STATES PATENT AND TRADEMARK OFFICE

ROUNDTABLE ON REAL-PARTY-IN-INTEREST INFORMATION

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2 Welcoming Remarks

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20 Follow-up and Closing Remarks

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1 P R O C E E D I N G S

2 (8:30 a.m.)

3 MR. KAPPOS: Well, good morning,
4 everyone. Thank you very much for coming over to
5 USPTO here bright and early on a Friday morning in
6 now mid-January. I'm Dave Kappos, Director of the
7 USPTO. And I think it's not too late still to say
8 Happy New Year, as we're still quite early in
9 2013.

10 You know, each of the last few years has
11 brought pretty exciting, far-reaching changes for
12 our IP laws; and even though we're very early in
13 the year 2013, I'll make my own little prediction
14 that 2013 promises to be no exception. And, as
15 always, input from the intellectual property
16 community -- from those of you seated around the
17 large horseshoe-shaped table this morning, as well
18 as others who have joined us both in person here
19 in Alexandria, Virginia, as well as on our webcast
20 -- input from the intellectual property and
21 innovation community of the United States is
22 extremely important. To understate it, it's

1 critical.

2 Looking back over the last several
3 years, I really believe that roundtables like this
4 one, and of course in the case of the America
5 Invents Act, the many roadshows that we conducted
6 over the last year-plus have been truly
7 indispensable to the agency in making us more
8 transparent and more user friendly and more
9 informed and, frankly, better equipped to put in
10 place good rules, good interpretations, good
11 policy.

12 So, in advance of anyone even speaking
13 this morning, let me say thank you again for your
14 preparation, for your participation, for your
15 guidance to our agency. We benefit from it, you
16 benefit from it -- "you" being everyone who cares
17 about innovation in this country -- and, most
18 importantly, the American people benefit from it.
19 And it's this kind of dialogue that creates
20 win-win results all around for our country.

21 Now, of interest to us today is your
22 input on our proposal to collect so-called

1 real-party-in-interest, or RPI, information
2 regarding patent applications and patents and even
3 other related processes and, specifically, the
4 question of: Do you agree that we should collect
5 this kind of information and, if so, what are your
6 thoughts about how we do it and when we do it, in
7 what forms we do it and how deep we reach into
8 determining what a real-party-in-interest means
9 and what definitions we should use for determining
10 what a real-party- in-interest is and any other
11 points that have been raised in our notice that
12 sparked this meeting.

13 Now, at a macro level -- right? -- at a
14 high level, our perspective is simply that the
15 marketplace cannot work effectively unless
16 innovators know what a patented invention covers
17 and know some reasonable amount about who owns it.
18 We need as much transparency as possible in order
19 to get intellectual property rights into the hands
20 of those who are best able to make the investments
21 and create the jobs and drive growth and generate
22 economic activity that, after all, is the purpose

1 for having a patent system in the first place.

2 Now, this new RPI initiative that we're
3 here to talk about today can have several
4 benefits, not only, we think, hopefully improving
5 the marketplace for innovation but also reducing
6 gamesmanship in litigation strategies and
7 improving the operation of the USPTO all around
8 the board.

9 Now, with a more complete ownership
10 record, the public has a more comprehensive
11 understanding of what patent rights are being
12 maintained and by whom; the financial markets have
13 more complete information about the valuable
14 assets being generated and held by patent owners;
15 and inventors and manufacturers have a better
16 understanding of the competitive environment in
17 which they are operating, allowing them to be more
18 efficient in obtaining and allocating resources
19 that they need.

20 Now, RPI information also could benefit
21 the USPTO, in fact, in several pretty important
22 ways. First, it enables our Patent Trial and

1 Appeal Board to identify potential conflicts of
2 interest much more effectively. Second, it alerts
3 our Board to potential statutory bars to
4 conducting proceedings. And perhaps most
5 importantly and certainly very importantly, it
6 enables our Examiners to do a more effective job,
7 to understand whose patent application they're
8 actually examining as they look at it.

9 Now, for the agency, we're willing to do
10 our part in creating an effective set of rules and
11 guides here. In fact, we're already doing our
12 part. If you look at our fees, we have dropped
13 our assignment recording fee, which was \$40, to
14 \$0. So, we're sending a very strong message.
15 We're not going to charge anyone anything, not a
16 single penny, right? You know, when people ask
17 the question, "Well, define 'zero.'" It's nothing.
18 And we're trying to send a message that we'll do
19 our part, we will absorb the cost to do that work,
20 because it's important and we want to make it as
21 easy as possible for folks to provide this
22 information.

1 Now, who constitutes a
2 real-party-in-interest or a privy is, in fact, a
3 highly fact-bound question, especially the issue
4 of whether a party who is not a named participant
5 in a given proceeding nonetheless constitutes a
6 real-party-in-interest or a privy to that
7 proceeding. Courts and commentators certainly
8 agree that there's no bright line test -- we get
9 that -- for determining the necessity or the
10 necessary quantity and qualities, degrees of
11 participation that make one a
12 real-party-in-interest or a privy based on what we
13 know to be the so-called control concept.

14 So, it's a difficult area to analyze.
15 There is certainly a lot of jurisprudence on it;
16 and, as a result, the USPTO hasn't tried to
17 enumerate particular factors regarding any control
18 theory or real-party-in-interest or privy in the
19 proposal that we put out. And instead, to resolve
20 the RPI or privy dispute that may arise in various
21 proceedings, we want to hear from the people in
22 this room, which, as you can see from our notice,

1 we're open to considering on a case-by-case and
2 very, very fact-specific basis.

3 So, in sum, the USPTO is here today
4 looking for input on our RPI proposal, all input
5 that the folks here in the room and those watching
6 by webcast can offer us, input on parties and
7 their ability to establish standing, input on
8 challenging standing, input on flexibility to
9 consider the specific facts and relevant case law
10 in resolving real-party- in-interest disputes.

11 But the core of our objective in this
12 matter is to come back to where I started:
13 Transparency, transparency. We're in an era of
14 transparency, and with this roundtable today we
15 want to hear your thoughts on how we can improve
16 transparency about the subject
17 real-party-in-interest. We welcome, we encourage
18 your comments on the definitions we proposed,
19 suitability of other definitions or standards,
20 everything that you want to offer input on.

21 So, thanks again for your participation,
22 and now I'm going to turn it over to my truly

1 close colleague here at USPTO, our chief
2 economist, Dr. Stuart Graham.

3 DR. GRAHAM: Thank you, David. Good
4 morning. I am pleased to be moderating our
5 roundtable this morning. Director Kappos has
6 highlighted some of the benefits of collecting
7 real-party-in-interest information, benefits that
8 extend to operational efficiencies for the USPTO,
9 transactional efficiencies in the marketplace for
10 invention, and information efficiencies in the
11 litigation and licensing environment.

12 The USPTO published a Request for
13 Comments on November 23, 2011, regarding whether
14 regulations should be promulgated for the
15 collection of assignment and real-party-
16 in-interest information for both applications and
17 issued patents. In reviewing the comments that we
18 received from the public, all of which are
19 available on the USPTO website, we heard that
20 without specific proposals many of the respondents
21 felt unable to adequately respond. In response to
22 that, in the November Federal Register notice that

1 announced this roundtable, we offered what
2 amounted to straw men definitions of
3 real-party-in-interest to facilitate discussion at
4 this roundtable today.

5 The first of these definitions, an
6 admittedly broader definition, RPI would
7 correspond to those entities having the legal
8 right to enforce the patent, in other words, those
9 parties that would be necessary and sufficient to
10 bring a legal infringement action. We anticipate
11 that this information is directly relevant to
12 identifying conflicts of interest that might arise
13 in examination context and is consistent with the
14 need to make prior art determinations, because it
15 identifies all parties that might have a claim to
16 ownership of the patent application or issued
17 patent. This definition would likely require
18 disclosure of exclusive licensees in certain
19 cases.

20 Under the second admittedly narrower
21 definition, the interested parties needing to be
22 disclosed would be limited to the legal title

1 holders and ultimate parent entities of the patent
2 application or issued patent. The term "ultimate
3 parent entity" could be based on the definition
4 along with the accompanying examples set forth in
5 our regulations, which define it as an entity that
6 is not controlled by any other entity. Such a
7 definition may limit the entities that need to be
8 identified based on the assumption that although
9 not every interested entity would be listed,
10 information about these other parties, if needed,
11 could in most cases be deduced or obtained from
12 the information provided.

13 We set these definitions out as an
14 opportunity to begin a discussion and offer an
15 opportunity to respond to particular definitions.
16 But certainly we are open, as Director Kappos
17 suggested, to more thought on this issue, and it's
18 one of the reasons why having a roundtable like
19 this one today is so important.

20 So, we are interested in hearing today
21 from the roundtable participants about the
22 workability of these or other definitions, as well

1 as the timing of collecting such information.
2 What are the consequences, for instance, of
3 requiring such information during the prosecution
4 of the application? And what about after issue?
5 And what are the appropriate trigger events for
6 collecting this information?

7 With that as background, let me begin
8 the discussion by thanking all of you live in our
9 offices here in Alexandria, Virginia, and also the
10 webinar audience for joining us today.

11 As you can see by the agenda that you
12 received upon arrival, we have 20 guests
13 prescheduled to share commentary. When I call
14 your name, I ask that each of you please speak
15 from the podium.

16 Also, because of the tight timeline
17 today, each guest has been allotted either 5 or 10
18 minutes to share commentary with us. I will raise
19 a red card at the 1-minute warning mark to request
20 that you conclude your commentary so that we may
21 stay on scheduled as much as possible, and that
22 will allow us to have sufficient time at the end

1 for a robust interactive discussion.

2 Lastly, after prescheduled commentary is
3 complete, we will open the floor to the audience
4 for any additional views.

5 Now, with that, let us begin with
6 Professor Arti Rai from Duke University School of
7 Law.

8 Professor Rai.

9 PROFESSOR RAI: Thank you very much to
10 the U.S. Patent and Trademark Office, Director
11 Kappos, Dr. Graham for inviting me to speak at
12 this very important event.

13 Let me preface my remarks by saying I'm
14 speaking as somebody who teaches not only patent
15 law but also administrative law, in fact have
16 written and taught in the area of administrative
17 law for about 10 years now. I am also co-chair of
18 the American Bar Association Administrative Law
19 Section's Committee on Intellectual Property. So,
20 I will be speaking on some of the administrative
21 law issues with respect to the PTO proposal. I
22 should emphasize, however, that my comments

1 represent only my own personal views.

2 So, as noted, I'd like to focus my
3 commentary on a somewhat narrow but nonetheless
4 very important threshold question, and that is, of
5 course, the threshold question of whether the PTO
6 has the administrative authority to promulgate
7 rules such as those in question. Some of my
8 commentary is based on written comments I
9 submitted to the PTO on this issue a year ago.
10 These are in the public record, and I incorporate
11 those comments by reference, if you will, in my
12 commentary today.

13 Let me begin, however, by emphasizing
14 one overarching principle, and this is a principle
15 that is important for administrative law in
16 addition to being an important overarching
17 principle, and that is what Congress wants and
18 thinks about PTO authority.

19 I think that Congress has, with the
20 passage of the America Invents Act, placed the PTO
21 even more squarely than previously was the case in
22 the world of the patent marketplace, in other

1 words, in the world of what happens after a patent
2 issues, not simply what happens during the
3 examination process.

4 So, in addition to the specific
5 authorities in the Patent statute upon which the
6 PTO can draw -- and I will talk about those in a
7 moment -- we have a statute, the America Invents
8 Act, that places what happens to a patent after it
9 issues squarely in the PTO's bailiwick.

10 To put the point another way, with the
11 AIA's passage -- AIA's passage -- we have a sort
12 of congressional endorsement of the agency power
13 that courts like the U.S. Supreme Court have
14 looked to in administrative law cases to determine
15 the contours of agency authority. So, that's an
16 overarching principle.

17 Now, to the details of PTO statutory
18 powers. Under the Supreme Court precedent of
19 *Chrysler v. Brown*, the threshold question is
20 whether an agency can promulgate rules with "the
21 force of law." Under *Chrysler*, an agency can do
22 so if the rules are "reasonably within the

1 contemplation" of a congressional grant of
2 rulemaking authority. Here, I believe the
3 proposed rules are within the PTO's fairly
4 comprehensive § 2(b)(2) authority to "govern the
5 conduct and proceedings in the Office."

6 For example, the 2005 Federal Circuit
7 decision in the Startfords case upheld, as within
8 PTO power, a fairly muscular regulation requiring
9 the applicant to provide all information
10 reasonably relevant to examination. In that
11 regard, the court emphasized the PTO's goal of
12 using the regulation to "perform the best quality
13 examination possible."

14 In this case, the rules proposed by the
15 PTO requiring submission of continuously updated
16 information will, in the words of Startfords, help
17 the agency implement "the best quality examination
18 possible."

19 As the recent Notice points out in
20 detail, and as Dr. Graham and Director Kappos have
21 noted already, the AIA makes the question of
22 ensuring that the PTO has accurate information

1 regarding ownership of prior art significantly
2 more important than it was prior to the AIA.

3 I should emphasize, however, that the
4 PTO's statutory power to issue rules governing the
5 conduct of proceedings is not limited to
6 examination. In cases like *Coopertec v. Judas* and
7 *Stevens v. Tamai*, the Federal Circuit has
8 emphasized and upheld, as within the scope of PTO
9 authority, regulations governing inter partes
10 reexamination and interferences. In *Coopertec v.*
11 *Judas*, for example, the Federal Circuit held that
12 the PTO could use its regulatory authority over
13 procedures to define the term "original
14 application" in a statutory provision that
15 establishes procedures for inter partes
16 reexamination.

17 Similarly, in this case, identification
18 of real- parties-in-interest will greatly
19 facilitate proper use and disposition of the host
20 of new post-grad proceedings set out by the
21 America Invents Act.

22 Now, the PTO also has a duty under § 2A2

1 of the Patent Statute to "disseminate to the
2 public information with respect to patents." The
3 detailed contours of this power have not been
4 fleshed out as clearly by the Federal Circuit as
5 the contours of the 2(b)(2) power. But on the
6 plain meaning, reading of the language with
7 respect to the duty, it would appear to require
8 giving the public information regarding who the
9 current owner of the patent is.

10 In general, administrative law has as
11 its core the principle of transparency that
12 Director Kappos emphasized. This transparency
13 principle is particularly important where the
14 public is going to be subject to a
15 government-imposed legal requirement, i.e., a
16 patent. We are all subject to the requirements of
17 patent law. If we are going to be subject to
18 these patent requirements, we must know not only
19 what the metes and bounds of the claims are but
20 also who is asserting the claim. Transparency is,
21 as I have indicated, a core principle of
22 administrative law that has been upheld time and

1 again by the Supreme Court.

2 So thus far I have spoken to the
3 threshold question of PTO power to promulgate the
4 rules in question, and that is the core of my
5 remarks today. But let me conclude with one brief
6 comment about the substance, again from an
7 administrative law perspective.

8 As a matter of administrative law, the
9 PTO must not only show that it has the power to
10 regulate -- to promulgate, excuse me -- the rules
11 in question but also that the rules are ultimately
12 based on a reasoned assessment of cost and
13 benefits. What courts look to in determining
14 whether the agency has done a thorough job of
15 doing this reasoned assessment is precisely the
16 sort of proceedings in which the PTO has engaged
17 over the over the last year and is engaging today.
18 The agency should carefully lay out a record for
19 why there are real benefits not only for the PTO
20 but for the patent system as a whole and for the
21 public with respect to a more complete record of
22 information about ownership. I think the PTO is

1 doing that, and the comments today will assist in
2 that regard.

3 I thank you for the opportunity to
4 present.

5 DR. GRAHAM: Thank you very much,
6 Professor Rai. Our next speaker -- I will ask
7 Marian Underweiser to come to the lectern. Ms.
8 Underweiser is representing International Business
9 Machines.

10 DR. UNDERWEISER: Thank you very much.
11 I'd also like to thank the Patent Office for the
12 opportunity to speak about this important issue
13 this morning.

14 As I think the director explained pretty
15 well in his opening remarks, patent ownership
16 information is an important part of what we
17 consider to be the complete disclosure of a patent
18 right that provides notice to the public. And I
19 think certainly after hearing my remarks but the
20 remarks of the other panelists and some of the
21 comments that have been submitted, for most people
22 who operate out there in the patent community

1 innovating and creating products and services,
2 this is a pretty important element of promoting
3 transparency in the patent system, and I think we
4 all should support creating a more transparent
5 patent system and not be looking for ways, in
6 worse case scenarios, that overbroad regulations
7 or requirements might create problems for
8 disclosure.

9 So, I think this is something we should
10 all actually be trying to achieve, and in
11 particular I think the question is really: What
12 kind of requirements can be in place that will
13 give us the information that we're really looking
14 for without imposing an undue burden on applicants
15 and patentees? So, the PTO has described some of
16 the reasons why enhanced ownership information
17 will help them in examining patent applications
18 and in fulfilling their functions.

19 Ownership transparency also has a
20 tremendous benefit to the patent community and the
21 public, like IBM. And what are these? A lot of
22 them are related to market transparency. We need

1 to be able to identify the complete patent
2 portfolios, for example, of entities that may
3 distribute these patents amongst uninformatively
4 named subsidiaries and affiliates, which makes it
5 very difficult to determine what the complete
6 portfolio is of that entity.

7 We also need to determine whether or not
8 we're licensed to particular patents. And, as you
9 know, patents can pass through the hands of many
10 owners, and one of them may be a licensor. So, in
11 order to determine that, you really need accurate
12 ownership information. You also need to be able
13 to figure out what is your ability to obtain a
14 license, whether it's to a particular patent or a
15 comprehensive license to a portfolio.

16 And when I talk about all of these
17 things, I'm talking about making assessments about
18 the patent landscape up front before you may
19 invest a great deal of resources and research and
20 development, before you make go-to-market
21 decisions about your products and services. These
22 are important issues that have to be resolved

1 early in the innovation process, and the way that
2 you do that in a patent landscape where there are
3 lots of issued patents out there, lots of
4 applications, is you need to have a sense for who
5 are those owners? Are those licensors? Are those
6 people who are likely to license you or not likely
7 to license you? Are you better off designing
8 around? So, these kinds of questions can only be
9 answered with accurate and complete ownership
10 information.

11 One example of this that's become of
12 interest recently is in the area of standards
13 licensing. How do you know if a patent is subject
14 to a standards commitment unless you know who owns
15 it?

16 Another aspect of this -- so from
17 another viewpoint in thinking about how to deal
18 with patents of interest, how do I identify
19 patents of interest for the purpose of using or
20 taking advantage of the new and existing patent
21 quality provisions?

22 With the new patent quality provisions

1 created under the AIA, you have pre-issuance
2 submissions; you have post- grant review. And
3 both of these proceedings have limited time
4 windows, and the parties who are using them,
5 certainly in post-grant review and in inter partes
6 review, are making a big investment in putting
7 together materials; and certainly the fee for
8 using the system is not insignificant. And what
9 you may be aware of is that in the context of the
10 AIA, there was a hard-fall requirement that
11 challengers would reveal the real-
12 party-in-interest when they challenge the patent.
13 And in doing so, one takes a risk that the
14 patentee is now aware of you and may look into
15 your activities. You may expose yourself to a
16 risk of an infringement suit. And isn't it only
17 fair in those circumstances, and in fact
18 necessary, for a party taking that risk to have
19 accurate information about patent ownership and to
20 make decisions in the first place about which
21 patents that challenger may want to investigate
22 more fully.

1 So, these are a lot of the reasons why
2 members of the patent community, like IBM, are
3 really interested in obtaining as complete
4 ownership information as possible.

5 Now, that brings me to the second part
6 of the inquiry here, which is really how do we do
7 it? There are a number of different ways to go
8 about this. I'm sure -- in many different ways
9 the PTO has suggested two possible definitions for
10 the real-party-in-interest. IBM submitted
11 comments in response to the earlier Federal
12 Register Notice last year.

13 We discussed a proposal certainly
14 similar to the PTO's proposal, the more narrow
15 proposal, to use the ultimate parent definition.
16 I think this definition eliminates some of the
17 problems people may see with a broader definition,
18 such as disclosing what may be confidential
19 relationships that give rise to exclusive licenses
20 and is, in our view, a lighter touch on obtaining
21 the kind of information that would allow you to
22 identify a complete portfolio that again may be

1 distributed amongst various different affiliates
2 and subsidiaries. So, this is a narrow
3 requirement that yet should give the patent
4 community enough information to assess the
5 landscape.

6 And another aspect of compliance
7 involves when and how to make these disclosures.
8 So, certainly patent filing and certainly before
9 substantive exam or publication, that way, for
10 example, the published application also has the
11 necessary ownership information so the public can
12 use the pre- issuance submissions proceeding. And
13 at issuance and likely at payment of maintenance
14 fees, we are confident that the public can work
15 through any compliance issues and work and create
16 a procedure that is reasonable and not overly
17 burdensome for obtaining this information through
18 the patent life cycle.

19 IBM, as I'm sure you're aware, has many
20 pending patent applications and issued patents at
21 any given time. We have for some years. And we
22 are willing to shoulder whatever burden is

1 required here to have this benefit that we think
2 is very important of having the more complete
3 ownership information for both patent applications
4 and issued patents, which we think is a very
5 important added element of serving the public
6 notice function of the patent system.

7 So, thank you very much. That concludes
8 my remarks.

9 DR. GRAHAM: Thank you, Dr.
10 Underweiser. Our next speaker, Courtenay
11 Brinckerhoff from Foley & Lardner.

12 MS. BRINCKERHOFF: Thank you. I'd also
13 like to thank the Patent Office, Director Kappos,
14 and Dr. Graham for the opportunity to speak here
15 this morning. I am a partner at Foley & Lardner,
16 but my comments here today do not necessarily
17 represent those of my partners or clients.

18 I may be the voice of dissent here
19 today, certainly the first voice of dissent that
20 you are hearing this morning. I certainly will
21 defer to Professor Rai on the administrative law
22 issues, but I do question the Patent Office's

1 authority to impose its requirements.

2 The patent statute has traditionally
3 made identification and recordation of ownership
4 information optional, and that has not changed
5 with the AIA. The AIA still makes it optional to
6 name the assignee as the applicant and makes it
7 optional to have a patent granted in the name of
8 the assignee.

9 Also, recently there was a treaty
10 statute implementation that also amended § 261
11 and, again, provided that the Patent Office should
12 record information upon request. So, I think that
13 the tradition of optional recordation, optional
14 disclosure of information needs to be kept in
15 mind.

16 Also, I think this does seem to be a
17 policy issue. Economics marketplace seems to be
18 more the realm of Congress where Congress can hear
19 the sides of all parties and balance the interest.

20 I'd also like to touch on some of the
21 Patent Office's justifications. In the Federal
22 Register Notice, there were a number of

1 justifications. Some of them seemed convincing on
2 the surface, but as a practitioner for over 20
3 years I have a question on when you dig deeper.
4 One of the justifications was to verify that the
5 power of attorney is from the proper authority.
6 There are already rules that require or ensure
7 that under 3.73 the need for board members to
8 recuse themselves in appeal, that there are
9 already requirements in your appeal brief that you
10 identify the real-party-in-interest.

11 The new definition of "prior art" under
12 the AIA, while the definition is broader in some
13 respects, it's also narrower in other respects.
14 It will only come into play if the earlier prior
15 art was not published before the second
16 application. So, I still think that exception
17 will only apply to a fraction of applications, and
18 I don't think it justifies imposing a burden
19 across all applications where there may not be any
20 grace period commonly in prior art at issue.

21 The only thing of interest was the
22 possibility that Examiners would recuse themselves

1 from examination, and so I'd like to know if the
2 Patent Office is really doing that. Do they do
3 that now? Are they really thinking of
4 implementing a program where applications would be
5 screened and assigned dependent on the Examiners,
6 I guess, investment in relationships with
7 corporations and with the Patent Office change
8 examination assignment midstream if ownership
9 changed.

10 Looking at the definitions from the
11 perspective of a practitioner -- I work with a lot
12 of foreign clients -- there needs to be clarity in
13 definitions if there's going to be a rule
14 requiring this. As Dr. Kappos said, there's not a
15 bright line for real-party-in-interest, and that's
16 a problem. The first definition relating to the
17 necessary party brings in litigation. A lot of
18 patent practitioners are patent agents who have no
19 experience with litigation. It's burdensome for
20 them to have to understand litigation rules and
21 determine who needs to be disclosed.

22 There's also a question of whether the

1 Patent Office decided not to invoke Rule 17 of the
2 Civil Rules of Procedure, which is a
3 real-party-in-interest provision. If it wants to
4 take this route, maybe it should look at that,
5 because there is a body of case law around that
6 that could provide guidance if that's the
7 definition the Patent Office wants to take.
8 Otherwise, there's a question over whether there
9 is a difference.

10 On the limited definition, again, there
11 is a question of clarity of the statute or the
12 rule that the Notice invokes. It's from 16 CFR,
13 which I've never visited in my 20 years of
14 practicing. So, again, it's bringing another body
15 of law into the patent fields, and is that
16 something that patent practitioners, particular
17 patent agencies or patent attorneys who do not
18 have access to business lawyers -- to help them
19 interpret these statutes. Is that a reasonable
20 burden to impose?

21 For example, the rule that the Notice
22 sites indicates an actual person who controls an

1 entity can be the real-party-in-interest, so are
2 we going to be naming the person at the end of the
3 chain or are we supposed to stop at the corporate
4 level?

5 I also question on the broader
6 definition, the authority, and the justifications
7 for requiring the exclusive licensing information.
8 Most of the Patent Office's justifications or all
9 of the Patent Office's justifications really would
10 be satisfied with only disclosing the record title
11 holder. This also, I think, brings in a lot more
12 difficulty of knowing the current information,
13 deciding -- knowing whether it has to be disclosed
14 or not, because an exclusive licensee can be
15 territorial; it could be product related; it could
16 be claim-by-claim related; it can raise a whole
17 host of complicating issues.

18 And all of these issues are even more
19 complicated when you consider international
20 applicants, particularly if you're working through
21 foreign law firms, that there is usually little
22 communication directly with the corporate, the

1 client, the owner entity; and in many foreign
2 cultures there is much more secrecy around
3 ownership, licensing, business relationships. All
4 of these could be seen as very intrusive from
5 their perspective.

6 The final points I'm going to go through
7 are sort of the nitty-gritty of the details that
8 were proposed. The rules seem to propose
9 disclosure at least four times during patent
10 prosecution: When the application is filed;
11 before it's published; if there's any change
12 during prosecution with the issue fee payment; and
13 at the maintenance fee.

14 It's important to keep in mind that
15 every transaction that requires a form to be filed
16 is going to involve 10th action cost, and
17 especially in this situation where the person
18 handling the patent applications might not know
19 inherently the information, it's going to require
20 communication to the client. Again if you got a
21 foreign client through the foreign agent to the
22 corporate entity, back again, these are not

1 anything that can cause -- it's not an
2 insignificant burden.

3 Additionally, with the maintenance fee
4 payments, while that seems like an easy task, I'm
5 sure the Patent Office knows that most maintenance
6 fees are paid by non-lawyer entities. So, again,
7 you're going to have to involve a lawyer at a time
8 in a patent life when it's usually outsourced to a
9 company that's just handling a fee payment
10 transaction.

11 So, hopefully I've given everyone who's
12 in favor of these decisions some things to think
13 about.

14 Thank you.

15 DR. GRAHAM: Thank you, Ms.
16 Brinckerhoff. Next on the agenda is Kenneth
17 Nigon. Kenneth Nigon is with the American
18 Intellectual Property Law Association.

19 MR. NIGON: Thank you very much. AIPLA
20 appreciates the opportunity to comment on the RPI
21 Initiative. While there may be some benefit to
22 knowing the RPI in some patents and applications,

1 we remain concerned that the administrative burden
2 of the proposed procedures is too high and likely
3 will outweigh any perceived benefits.

4 Moreover, we would need to know the cost
5 to stakeholders and at the Office and have a
6 greater understanding of the ability of the Office
7 to manage the process, as prior similar studies
8 have failed to confirm this capacity. If the PTO
9 decides it needs RPI information, we strongly
10 recommend that a less burdensome procedure be
11 adopted.

12 We understand that the Office and the
13 public need to know information about RPIs.
14 Non-practicing entities sometimes hide their
15 ownership, and it's very difficult to determine
16 the true owner of the patent. Examiners need to
17 know so that they can evaluate a prior art
18 reference under 102(b)(2)(C) and evaluate the
19 credibility of evidence. Office personnel also
20 need to know the RPI to determine whether there's
21 a potential conflict of interest.

22 The number of patents that this

1 information is needed in, we believe, is very
2 small compared to the total number of patents that
3 the Office processes and the number that are
4 already issued. Here the Office has not provided
5 any data to show the number of applications where
6 the information would be needed. But if you look
7 at it, in less than one percent of patents who
8 have litigated, there are existing incentives to
9 ownership that result in the real-party-in-
10 interest actually being disclosed as recorded
11 assignments. And 37 CFR, Rule 42.8, already
12 requires patent owners to provide RPI information
13 in a PGR and IPR proceeding.

14 In addition, during examinations the
15 Examiners, if they believe the RPI information is
16 important, could request it under Rule 105. The
17 burden on the patentees, the procedure, we believe
18 greatly exceeds the benefits gained. As Courtenay
19 pointed out, four times during patent prosecution
20 and with each maintenance fee payment, the
21 practitioner would be required to investigate the
22 RPI status and file a paper with the Patent

1 Office. This would result in a lot of unnecessary
2 work, again, because in most cases the real-party-
3 in-interest is already recorded. IBM has a lot of
4 patents, but they record their assignments. So,
5 there's no real problem for IBM in that regard,
6 and there's no real need for them to make these
7 additional filings.

8 Also, in some instances it may be
9 difficult to determine the RPI. As Courtenay
10 pointed out, in other countries they may not
11 understand the difference between a patent owner
12 and an RPI, and you have to convey this through a
13 translation barrier in many cases.

14 Startup companies may have made many
15 different investors, going from friends and family
16 to angel investors to venture capitalists, who
17 have different rights in who's going to determine
18 who the real-party-in-interest is there.

19 Many patent practitioners are patent
20 agents who cannot make legal judgments. Both of
21 these requirements -- both the broad and the
22 limited RPI requirements -- would require a legal

1 judgment. So, the patent agent would then have to
2 get a lawyer involved or the client would have to
3 get a lawyer involved.

4 Many patent firms also outsource their
5 maintenance fee payments, as Courtenay pointed
6 out, so the procedure would require coordination
7 with a payment service to make sure that the
8 verification is made on time, and it would also
9 require additional docketing. Many law firms
10 don't docket maintenance fee payments anymore,
11 because these payments are outsourced to the
12 services.

13 Again, even if the proposed requirement
14 of broad limited definitions is adopted,
15 information may not be available to the public as
16 needed. Maintenance fees are only due at four,
17 eight, and twelve years after the patent issues.
18 There will be relatively large gaps in time when
19 there will be no duty to record the
20 real-party-in-interest or update the
21 real-party-in-interest. So, it could still be
22 hidden.

1 I also believe that a determined RPE or
2 NPE, whatever system you can come up with, will be
3 able to game it and under the limited definition
4 put the patent in an entity under which it has no
5 control, however it's defined, but then can obtain
6 it when it's ready to file suit.

7 Determining the rights of a party under
8 a licensing agreement may be difficult, and they
9 may be subject to confidentiality agreements. So,
10 it would be difficult for a patent practitioner,
11 even if he wanted to, to disclose this information
12 in those situations.

13 Finally, we think if the PTO is
14 determined that this is necessary, we recommend a
15 more focused procedure that we believe can produce
16 essentially the same results with a much lower
17 administrative burden. For pending applications,
18 we have the Rule 105, but we also think that
19 requiring the RPI information to be submitted only
20 at the payment of the issue fee or filing and
21 payment of the issue fee would be much less
22 burdensome than the concept need to update it.

1 For issued patents, we believe one
2 possibility may be to develop a new procedure in
3 the Patent Office by which a member of the public
4 could anonymously ask the PTO to request RPI
5 information. Then the PTO would request it and
6 then put it into the file. And this of course
7 would have to be limited to prevent harassment and
8 also maybe with a fee to prevent harassment at the
9 Patent Office.

10 I thank you very much. We thank you
11 very much for the opportunity to bring these
12 issues to your attention.

13 DR. GRAHAM: Thank you, thank you, Mr.
14 Nigon. Our next speaker, Jeffrey Wilder. Mr.
15 Wilder is from the U.S. Department of Justice,
16 Antitrust Division.

17 MR. WILDER: Thank you. So, I should
18 begin with a disclaimer, which is the views I
19 express here today are not purported to represent
20 those of the Antitrust Division. That having been
21 said, I think it is fair to say that at the
22 Antitrust Division there is considerable

1 enthusiasm for consideration of new rules that
2 would require disclosure of real-party-in-interest
3 information.

4 Making information about the true
5 controlling owner of a patent available is likely
6 to improve the Notice function of our patent
7 system and promote competition and innovation to
8 the benefit of U.S. consumers by facilitating
9 bilateral licensing, increasing design freedom,
10 and allowing firms to better manage risk.

11 At this point, let me take a step back
12 and talk a little bit about the benefits of
13 transparency to a well- functioning IP
14 marketplace, and I think the easiest way to
15 approach this is simply to set up two extremes, to
16 think about a world in which IP licensing works
17 very well and a world in which it does not.

18 And so consider the first world.
19 Technologies are well known; it's clear who owns
20 what; and also it's clear what all the options are
21 on the table. And therefore when a potential
22 licensee goes out, the licensee can weigh the

1 relative technologies, consider the relative costs
2 of each, and decide which is the best route to go.

3 Now, if we consider instead a
4 marketplace in which licensing is not working
5 well, rights aren't going to be well defined,
6 technologies may not be well known, and it may be
7 incredibly difficult to know who precisely owns
8 what. And in a world like this, a licensee might
9 be basically forced to bring a product to market
10 without pursuing any licensing options at all, and
11 what will ultimately happen, of course, is that
12 someday down the road after unrecoverable costs
13 have been sunk, the potential licensee should
14 expect a licensor to show up at his doorstep and
15 say, basically you've infringed our IP.

16 Now, it's well documented in a world
17 like that when the potential licensor is arriving
18 after these investments have been made that we
19 should expect to see very high royalties. And
20 this ability of the licensor to hold up the
21 potential licensee is inherently a very
22 inefficient outcome from the perspective of

1 competition policy.

2 Now, you might say, look it's just a
3 transfer. But in truth it's not, both because the
4 royalties I impose might change my marginal costs
5 to produce but also because anticipating how this
6 game is going to play out, I might choose, as a
7 potential firm looking to develop a new product,
8 simply not to develop the product at all in the
9 first place. And that is a real, pronounced,
10 economic harm.

11 The rules being proposed or the rules
12 being considered, rather, by the USPTO improve
13 transparency by making clear who precisely owns
14 what. Now, are they going to solve the holdup
15 problem? By no means. But in my view, they are
16 certainly a step in the right direction, a step
17 toward greater transparency.

18 Now, there's one caveat that I should
19 note here, and that is in certain contexts it is
20 the case that transparency -- too much
21 transparency -- can actually reduce incentives to
22 invest in information, say, and I think that the

1 context in which this tends to come up most often,
2 the canonical example, is financial markets. In a
3 context like that, are the institutional investors
4 of the world going to go out and make the
5 investments necessary to learn which stocks are
6 under- or over-valued unless ultimately they're
7 going to be able to trade on that information
8 before others trade in front of them. In that
9 context, there is an acknowledgment that we need
10 to basically weigh the two effects, and we allow
11 large firms to engage in block trades. We allow
12 them to engage in anonymous trades to essentially
13 balance the two.

14 Now, I think similar arguments can be
15 made here, and I think they are theoretically
16 valid. However, based on my understanding that
17 has arisen in the course of our investigations,
18 also our PAE workshop in December of the prior
19 year, I think that the weighing is pretty obvious,
20 or at least how the weighing comes out, and this
21 is a market that would benefit incrementally from
22 a move toward greater transparency.

1 Now, of course in order to increase
2 transparency, the rules need to have some bite.
3 They have to have some teeth. And what we do not
4 want to have is a world in which the rules are put
5 in place and sophisticated entities can
6 essentially evade the rules by virtue of setting
7 up a vast web of subsidiaries and shells. And as
8 I revoke the rules that are being proposed here
9 today, they are both adequate in that respect.
10 What I think I would say is, at a minimum as we
11 consider different rules it should be necessary --
12 in all cases we should require identification of
13 the ultimate parent entity.

14 Now, I would go even further and say
15 that there would be clear benefits to requiring
16 recordation with each change in the RPI. And this
17 gets back to comments made before. That would
18 ensure that the RPI data at hand at a particular
19 point in time were never stagnant.

20 Now, I'll conclude with just an
21 observation or two. I've spoken a little bit
22 about the benefits of transparency on the whole,

1 but I'll make an observation or two that are more
2 specific to enforcement of the competition laws
3 and how rules of this sort would help us. I think
4 better information on RPI would allow us to better
5 identify the competitive impact of acquisitions,
6 because we would know exactly who owned what.

7 And then I'll also flag that what we
8 oftentimes care about is somewhat broader than the
9 rules that are being suggested here. So, what we
10 will occasionally care about is who stands to
11 benefit from the exercise of an IP right? So,
12 consider, for example, a situation where a
13 particular IP is asserted and an exclusion order
14 is sought. Well, in an instance like that, a
15 competitor to the product against which the IP is
16 being asserted stands to benefit. And we care
17 about that, especially if that competitor was the
18 source of the IP to begin with.

19 To the extent that there's more
20 information about how IP travels from entity one,
21 to two, to three, that might make it harder for
22 firms to engage in strategies that are potentially

1 problematic that involve the sale of IP to be
2 asserted against a competitor and effectively
3 raise that competitor's costs.

4 Thank you.

5 DR. GRAHAM: Thank you, Mr. Wilder. Our
6 next speaker is Michael Lubitz. Michael comes
7 from Global Technology Transfer Group.

8 MR. LUBITZ: Good morning, everybody.
9 Thank you, Director Kappos for making this
10 roundtable a reality.

11 You know, today I think really is about
12 change in that the patent marketplace has evolved
13 very, very quickly, and we really don't have laws
14 in place to support that marketplace and foster
15 its growth. And so what we're really dealing with
16 is what I would call an inflection point and an
17 attempt to modernize.

18 Today one of the things that I want to
19 challenge everyone here is to think about what's
20 best for the marketplace over the long run. We're
21 for transparency. We want to know who owns what.
22 But what about the nature of the assignment? Was

1 it an asset transaction? Was it the result of an
2 M&A deal? Is it just a security interest? That
3 kind of information and transparency will help us
4 understand the health of the patent marketplace.

5 The first item I want to talk about is
6 just a little background on us, because we're
7 really in the trenches here in dealing with the
8 transparency of information and trying to figure
9 out what happens in the marketplace. And I can
10 tell you, it's a struggle. So first, our firm,
11 GTT Group, was founded in '97, and we've always
12 been doing buy- and sell-side advisory, but
13 another important function for us is providing
14 information on the marketplace to the
15 participants.

16 In 2007 we started publication of a
17 quarterly report, which had a key indicator, and
18 continues to, called a patent market index, which
19 keys off of assignment-generated information. And
20 when we saw the proposal from the USPTO we got
21 very excited, but we really wanted to see if we
22 could look at the information that's being

1 recorded, how it's being handled within the USPTO,
2 and is there any way to improve the qualitative
3 nature -- not just the nature of who the owner is
4 but what is actually happening.

5 The other thing that we just introduced
6 in 2012 was a patent ticker, which basically takes
7 information as it's published by the USPTO and
8 tries to determine transaction activity and inform
9 the marketplace, and it's a very difficult thing
10 to do given the present information that's being
11 provided to the USPTO. Some of the problems that
12 we have are related to just how things are
13 recorded. Some entities love to just record every
14 single asset transfer rather than recording them
15 as one. And so it's very hard for us to really
16 understand the dynamics of what's happening in the
17 marketplace. I can't tell you, I mean, just this
18 week there were maybe 148 different instances of
19 recordings by Honehigh, creating another company
20 called Golden Charm, and we're trying to simulate
21 that data and understand the nature of the deal.
22 And so one thing is maybe to take a step back and

1 think about how we require the recordings, why we
2 allow for the variance, and what is the best
3 practice. So, we really can have an informed
4 marketplace.

5 The other thing that we are very
6 concerned about on the buy- and sell-sides is the
7 timing to make a report, to identify who the
8 real-party-in-interest is. Many transactions are
9 fluid in that they're multi-staged, and assets
10 will go to different owners over a very relatively
11 short period of time. And if it's triggered based
12 upon maintenance windows, sometimes you really
13 don't know who the owner is. And you have other
14 items that are happening, like, for instance, DOJ
15 reveals certain transactions. Who should record
16 when, at what time? Who really is the owner? So,
17 some type of safe harbor or some (inaudible) a
18 time period that allows for ultimate compliance.

19 It was mentioned earlier that they'd
20 like to see changes at every point in time, and a
21 lot of these deals are very structured so it would
22 probably be more realistic to wait till the

1 transaction settles to record who the
2 real-party-in- interest is.

3 Today the real quest is for quality,
4 quality in the assets that are issued by the
5 USPTO, and that information provided to consumers
6 so they know what is actually happening. And so
7 in terms of this bigger picture, the real
8 challenge I think is not only to record who the
9 party is, the actual partying interest, but to
10 think about the nature of the assignment.

11 And, finally, how quickly can we get
12 that information out? What we've seen is a
13 backlog. So, if we look at assignment activity
14 for a certain period of time, it always is growing
15 and growing. Eventually it settles down, but if
16 there's any way that this process can be
17 modernized -- I don't know what happens within the
18 USPTO right now in terms of assignments and
19 whether that data is published on the fly or
20 whether it sits, but being able to provide that
21 information on a timely basis is critical to the
22 smooth functioning of markets. And we don't have

1 that right now.

2 Thank you for letting me speak today,
3 and good luck.

4 DR. GRAHAM: Thank you, Mr. Lubitz. Our
5 next speaker is Fiona Scott Morton, and she comes
6 to us from Yale School of Management.

7 DR. SCOTT MORTON: Good morning. Thank
8 you, Director Kappos and Dr. Graham for the
9 invitation to speak today.

10 I'm a professor of economics at the Yale
11 School of Management, but I recently finished
12 serving as the economics deputy in the Antitrust
13 Division of the Department of Justice. December
14 31st was my last day, so it's nice to be back in
15 Washington so soon.

16 I just should say while it's clear that
17 my experience at the Department of Justice shaped
18 my thinking on this issue and gave me some
19 insights and examples from behavior, I am now
20 giving my personal and scholarly opinion I fully
21 support the PTO's initiative to increase
22 transparency in this sector, and I just have a

1 couple of, actually, suggestions for improvements
2 in terms of what Mr. Nigon brought up with the gap
3 that would arise with infrequent recordation. I
4 think that that's something that could be solved
5 by just requiring that each change in the
6 real-party-in-interest be recorded with the PTO,
7 which would allow the various efficiencies that
8 people have discussed to be available at all
9 times.

10 I also think that the definition of the
11 real-party- in-interest -- I will defer to the
12 lawyers for sort of what's legally important, but
13 in terms of the economics of what's important
14 there, you really want to be able to understand
15 who's financially going to benefit from exercise
16 of the rights of the patent. So, for example, if
17 there's a legal definition that says, Party A
18 shell company gets to decide when there's
19 litigation or gets to decide on a royalty but it's
20 really Party B that extracts all the money that's
21 earned from the patent, then we'd like to know
22 about Party B as well. So, that's an important

1 feature, I think, of a successful definition; the
2 financial gain from exercising that patent can't
3 be hidden.

4 One of the things that Jeff Wilder
5 talked about is the improvement in markets when
6 you have more transparency and you're available to
7 think about how to design your product and how to
8 license the technology you need because you know
9 what's out there and you know who owns it.

10 I think that there has been some
11 criticism of this. By thinking about the software
12 industry, for example, there are so many broad,
13 duplicative, and vague software patents that we
14 don't really think people are going to say, oh,
15 I'm going to use this database to look up the one
16 person from whom I need a license for my widget,
17 okay? That's a little simplistic, and I think
18 it's a straw man in terms of the criticism. I
19 think it's much more illuminating to use this
20 information to analyze which players are active,
21 rather, as IBM described. You know, are you
22 licensed? What's in the portfolio? What's my

1 ability to license from this party? Are they a
2 competitor of mine? And so forth. So, I think
3 that that's a huge efficiency that we would
4 imagine coming from this.

5 I also think that the issues with
6 strategic use of these patents depend a great
7 deal, in some cases, on secrecy and that
8 transparency would remove some of the strategies
9 that we currently see used by both product
10 companies and trolls. So, for example, why, given
11 the real disaster of this marketplace for ideas,
12 do we have the ability to produce widgets at all?
13 And it's partly because there's a system of broad
14 cross-licensing that goes on between large
15 companies. So, company A and company B will agree
16 to a cross-license at a price of zero, and that's
17 part of their general relationship in terms of
18 standards-setting organizations working together
19 on different products or projects, lobbying the
20 government. You know, all those things are part
21 of the long-term relationship between companies A
22 and B.

1 Well, suppose company A has a very
2 valuable patent that they'd really like to extract
3 a lot from? They can't, because they have a
4 cross-license with B, even though they know B
5 would pay a lot. So, the easy thing to do is to
6 sell that patent to a third party for a lot of
7 money, and the third party can sue from B, because
8 they don't have a cross-license. And in that way,
9 firm A can monetize its patents more profitably.

10 Okay, now, you might ask, well, you
11 know, what's the problem with that? They own the
12 patent. Well, the problem is that they have a
13 long-term relationship with B, and B is going to
14 be upset when they discover that their money is
15 being extracted in this way. But they can't be
16 upset, because they don't know where the patent
17 came from, and they don't know that it was really
18 firm A's patent that's causing them this trouble.

19 If you shed some sunshine in that
20 setting, if you have some transparency, B
21 understands that the patent used to belong to A;
22 now it's been sold to a troll, and it's being used

1 to attack them. Then the whole relationship
2 between A and B comes back into play just the way
3 it was before, right? There was a reason that A
4 and B weren't suing each other; it's because they
5 had a lot of long-term relationships and projects,
6 and now they're going to be working together for
7 the foreseeable future and that discipline returns
8 when whatever A sells is known by B.

9 Okay, and again I should emphasize that
10 I completely agree with what Jeff Wilder said
11 about issues with competitors. It's very
12 important for antitrust agencies, for competition
13 enforcement agencies to be able to understand when
14 the product market is being impacted by strategies
15 around patents and enforcement of patents, because
16 those can harm competition in a way that consumers
17 lose from.

18 So, while I won't go through the
19 arguments in favor of keeping secrecy, which Jeff
20 also alluded to, I think that the balance is clear
21 in this sector that we have really a lack of
22 information, and that's holding back efficient

1 transactions, and I think consumers would benefit
2 and innovation would benefit from more
3 transparency over patent ownership.

4 Thank you very much.

5 DR. GRAHAM: Thank you, Dr. Scott
6 Morton. Next on our list of participants, Herbert
7 Wamsley.

8 Herbert's here from the Intellectual
9 Property Owners Association.

10 MR. WAMSLEY: Well, thank you. I
11 appreciate the opportunity to be here this morning
12 on behalf of IPO, which is a trade association
13 representing companies and individuals in diverse
14 industries and fields of technology. Our members
15 include people who own intellectual property
16 rights and others who are interested in the
17 rights. We have more than 200 member companies
18 and more than 12,000 individuals who are involved
19 in the Association through their companies or law
20 firms or as individual members.

21 Now, ten minutes is a short time to
22 address a big topic, and I sympathize with those

1 after the break who apparently only have five
2 minutes. But I would like to make some
3 preliminary comments on behalf of IPO, and we do
4 plan to file more detailed written comments at the
5 end of the month after our diverse 50-member board
6 of directors meets to review this.

7 We do tend to believe that more
8 information would be useful about RPIs than is
9 available today. And we would tend to favor the
10 second definition of RPIs in the Federal Register
11 Notice, which includes disclosing the highest
12 level parent. But having said that, I want to
13 emphasize the long list of burdens that disclosing
14 this information will place on practitioners and
15 companies and law firms, those down in the
16 trenches. I don't want to duplicate what Ken
17 Nigon of the AIPLA said, but I believe that he
18 identified a number of significant burdens that
19 need to be fully explored and understood before
20 moving forth with the proposal.

21 It's also important to understand that
22 different companies operate in different ways in

1 recording the ownership of their patents. Some
2 large companies and IPOs get all of the patents in
3 the name of the parent, but we have other
4 companies that have patents assigned to dozens of
5 subsidiaries for legitimate business reasons, and
6 keeping track of and periodically updating this
7 information is more burdensome for the latter type
8 of company.

9 I think that looking at how this would
10 work, we would not favor requiring additional
11 statements about RPI information where there's
12 been no material change. I think more attention
13 needs to be given to what the penalty for failure
14 to comply with identifying RPI information would
15 be. We need to be careful not to have a system
16 that would lead to charges of inequitable conduct
17 in this area.

18 Now, another point beyond the burdens --
19 we shouldn't automatically dismiss the legitimate
20 business interests in protecting the confidential
21 nature of ownership and licensing information.
22 But every company is interested in participating

1 in the marketplace of licensing. Patent
2 applicants may not want competitors to know
3 whether an application has been licensed or to
4 whom.

5 We could go so far with transparency in
6 eliminating confidentiality of ownership
7 information that we could discourage patenting and
8 innovation. I think we need to keep in mind what
9 the competitors of the owners can do to help make
10 the system operate well.

11 There's a lot of concern today, of
12 course, about the amount and cost of litigation.
13 But according to the information we have, in many
14 industries very few product clearances are being
15 done today, and not all companies have a policy of
16 not infringing patents that appear to be valid.

17 I think it's also important to
18 understand -- to emphasize that a fair amount of
19 RPI information already is available. When you go
20 into court, you have to disclose the ultimate
21 parent, and I believe that's true at the PTAB as
22 well.

1 Finally, I would say that in any event
2 the Patent and Trademark Office should investigate
3 further whether it has the authority to require
4 the patent ownership information before it moves
5 ahead with the proposal. 35 U.S.C. 261 seems to
6 make recording of assignments optional, and it
7 prescribes the harm you will suffer if you don't
8 record the assignment within a certain time;
9 namely, you won't have rights against a subsequent
10 purchaser without notice. Can that statute be
11 squared with the idea that the PTO can require RPI
12 information in every case?

13 Well, thank you again for going into
14 this topic. As I say, more RPI information should
15 be available, but it's got to be done in a way
16 that holds down the burden and expense.

17 Thank you.

18 DR. GRAHAM: Thank you, Mr. Wamsley.
19 Our next speaker on the agenda is Lisa Marks
20 McIntye, and Ms. McIntye comes from Google.

21 MS. McINTYE: Thank you to the U.S.
22 Patent Office, Dr. Graham, and Director Kappos for

1 allowing me to address this important issue today.

2 Google supports the PTO's proposal to
3 require identification of the
4 real-party-in-interest. The public notice
5 function of the patent system is served by
6 disclosure of what a patent covers, who owns it,
7 and the identity of the real-party-in-interest,
8 that is, the identity of the true owner of those
9 patent rights. Transparency in patent ownership
10 and real-party-in-interest information is, we
11 believe, a critical aspect of the public notice
12 function.

13 For purposes of my brief comments today,
14 I will refer to patent ownership broadly as
15 including essentially both the proposed broad and
16 narrow definitions of real-party- in-interest.
17 So, when I refer to patent ownership, I'm
18 referring to both ownership and the
19 real-party-in-interest information, or the
20 ultimate parent, because both categories are
21 necessary to support a well-functioning patent
22 system that promotes innovation.

1 The Patent Office has correctly
2 recognized the lack of transparency in patent
3 ownership burdens, rights clearing, and simple
4 licensing. It also burdens other forms of free-
5 market entry endeavors, such as freedom-to-operate
6 activity.

7 Large multi-national companies, like
8 Google, spend billions of dollars each year
9 funding research to support the innovation
10 necessary to bring great products to consumers.
11 We evaluate various market dynamics, including
12 patent ownership, to minimize legal and business
13 risks as our business expands into new areas.

14 Accurate ownership information is
15 integral to clearing patent rights and assessing
16 risk from a family of patents or a specific
17 patentee. Accurate ownership information is also
18 needed to make decisions about who to seek a
19 license from or with whom to collaborate. For
20 example, if an existing market participant owns
21 patents that are closely related to and/or may be
22 complementary to technologies that Google is

1 evaluating, ownership information about those
2 patent assets may lead to a decision to partner
3 with the assignee of record or seek a license from
4 that party. On the other hand, incomplete or
5 inaccurate ownership information could lead to a
6 decision to, say, avoid market entry or to enter
7 an already patented market and risk unexpected
8 license costs or infringement liability.

9 In-house patent departments conduct
10 these types of strategic analyses to ensure
11 freedom to operate the technologies and products
12 developed by their companies. While simple
13 licensing typically addresses specific patents
14 covering particular products, corporations
15 frequently engage in more comprehensive
16 cross-licensing to ensure patent peace. Patent
17 peace between parties is not possible without
18 knowing what patents each party controls and may
19 later then assert or cause to be asserted against
20 the other.

21 The PTO's proposal also supports the
22 public's ability to initiate pre- and

1 post-issuance proceedings under the Leahy-Smith
2 America Invents Act, including, specifically,
3 post-grant review, inter partes review, and
4 pre-issuance submissions.

5 To pursue a petition or submission under
6 the AIA proceedings, a party must disclose public
7 use, sales, offers to sell, and other prior art
8 under 35 U.S.C. § 102(a)(1). This is far more
9 difficult when the patent owner is unknown,
10 because merely knowing a patent or publication
11 exists without knowing the owner is not enough for
12 a sufficient assessment of the business risks or
13 rewards of filing a petition or making a
14 submission. These difficulties are exacerbated by
15 the strict timing limits of post-grant review
16 petitions and pre-issuance submissions.

17 In addition, actions may be initiated
18 against a prior owner who, for example, may no
19 longer have interest in the asset, and that
20 results in wasted time and resources of both the
21 patent owner and the U.S. Patent and Trademark
22 Office.

1 Transparency in ownership of patents
2 will lead to efficiencies in litigation as well.
3 It will lead to reduced discovery costs associated
4 with identifying ownership interests of patents in
5 suit and also patents put forth as prior art. To
6 this point, the rising tide of non-practicing
7 entity litigation and the difficulty of
8 identifying the real- party-in-interest in those
9 cases also supports the need for greater
10 transparency in ownership requirements.

11 Further, litigants cannot know whether
12 settling will buy peace for their products without
13 knowing that they are settling with the
14 real-party-in-interest and also having information
15 and being able to determine the extent of the
16 real-party-in-interest portfolio. The PTO
17 proposal ensures that such information will be
18 available to inform settlements decisions and thus
19 promote true settlement between parties.

20 It is unfair for patent holders to hold
21 their patents in secret and preserve the element
22 of surprise for their assertion campaigns or to

1 otherwise insulate their patents from
2 reexamination or post-grant review challenges.
3 The PTO's proposal helps level this playing field.

4 There are currently over 2.1 million
5 enforceable U.S. patents. Rights clearing,
6 licensing, agency proceedings, and litigation
7 regarding these millions of enforceable patents
8 and the future millions that will replace them
9 require robust knowledge of who owns what patents
10 if the system is to work efficiently and best
11 promote progress of science and the useful arts.

12 The PTO has also recognized that
13 requiring greater transparency in ownership will
14 come with some costs. But it has limited these
15 costs appropriately by requiring real-party-
16 in-interest information only when applicants or
17 assignees are otherwise required to have
18 substantial interaction with the Patent and
19 Trademark Office.

20 In conclusion, the PTO's proposal
21 addresses the concerns caused by lack of
22 transparency in ownership in the patent system,

1 and implementation of the proposal will improve
2 efficiency in PTO proceedings, litigation,
3 licensing, and patent examination.

4 Thank you. That concludes my remarks.

5 DR. GRAHAM: Thank you Ms. McIntye.

6 Next on the agenda is a replacement.

7 Unfortunately one of the speakers is indisposed
8 today, and so from Schwegman, Lundberg & Woessner
9 speaking today is Kevin Greenleaf.

10 Kevin?

11 MR. GREENLEAF: Thank you all for
12 allowing me to speak today. I've been really
13 impressed and interested in everybody's comments,
14 particularly regarding the APA discussion and
15 whether the Patent Office has the authority to
16 make rules requiring people to identify the
17 real-party-in-interest, and I agree with Mr.
18 Wamsley's comment that 261 defines the penalty for
19 not disclosing the real-party-in-interest, or the
20 assignee in that case, as not being able to
21 enforce rights against subsequent purchasers for
22 value.

1 I don't really see any other penalty
2 that Congress gives the U.S. Patent Office the
3 authority to make other than the fact that I think
4 we need this information. And a large part of my
5 practice involves post-grant proceedings, and I'm
6 concerned when advising clients and reviewing
7 prior art in preparation for a post-grant petition
8 whether the prior art that I'm looking at wouldn't
9 be applicable to a particular patent due to a
10 102(b)(2)(C) exception to the prior art.

11 So, another concern that I have is we're
12 primarily focused today on identifying the
13 real-party-in-interest from the patent owner
14 perspective. However, the rules, the statutes,
15 the MPEP provide many other definitions for what a
16 real-party-in-interest is. So, I've identified at
17 least seven different contexts in which the
18 real-party-in-interest is identified or required
19 to be identified, and first off 102(b)(2)(C),
20 which we've all been discussing today; second of
21 all, at issuance, § 118 under the AIA uses the
22 term "real- party-in-interest," that the patent

1 must issue to the real- party-in-interest. Is
2 that the same as 102(b)(2)(C)? I think probably,
3 but we'll get to that.

4 And then again after issuance we need to
5 know the real-party-in-interest for, as I said,
6 102(b)(2)(C) purposes for preparing post-grant
7 petitions, and then for the other reasons people
8 have identified, such as licensing and market
9 fluidity.

10 Fourth, the MPEP and the PTAB require
11 that the real- party-in-interest be identified
12 both for the appellant in ex parte and inter
13 partes appeals.

14 Fifth, in inter partes appeals, the
15 respondent needs to identify the
16 real-party-in-interest.

17 And then sixth, the rules -- CFR 42.8
18 requires the identification of the
19 real-party-in-interest from the patent owner and
20 as mandatory notices after post-grant petition has
21 been filed.

22 And, seventh, the petitioners need to

1 identify themselves in the post-grant petition
2 when they file one.

3 So, is there one definition that can
4 satisfy these at least seven different instances
5 of identifying the real- party-in-interest? I
6 don't think so. There are at least five
7 definitions that I've identified for
8 real-party-in-interest, the first of which is the
9 person under 102(b)(2)(C). Secondly is under 118
10 you have a real-party-in-interest. And the MEPE,
11 § 1205, defines a real-party-in-interest for
12 purposes of appeal. And then the fourth
13 definition is 37 CFR 42.8, which I mentioned, is
14 the requirement for parties to an inter partes
15 proceeding to identify themselves as the
16 real-party-in- interest in a proceeding. And then
17 finally there's a common law definition, which the
18 Office in its practice guides is not satisfactory
19 for purposes of Patent Office proceedings.

20 So, which of these five definitions
21 applies to the seven different categories? I
22 think perhaps we could combine 102(b)(2)(C) and

1 118 to be the person and the real-party-in-
2 interest being the same thing. They are different
3 terms, but perhaps they mean the same thing.
4 After issuance I think, also, perhaps that would
5 be the same definition, because the reason we need
6 to know the assignee after issuance is for
7 102(b)(2)(C) purposes for valuing prior art in
8 preparation for filing a post-grant petition,
9 because if the assignee changes after the patent
10 issues and that assignee files another patent
11 application, then the patent that issued
12 previously would not be prior art to that new
13 application.

14 And then we have appellants. So, the
15 justification for asking for the
16 real-party-in-interest at appeal is the Board
17 needs to know whether there's a conflict of
18 interest. So, I don't know that the definition
19 for the first three instances would apply to
20 appellants, and the same would hold true for
21 respondents and inter partes proceedings and the
22 patent owner at post-grant review. I think those

1 three should have a third definition, probably a
2 definition geared toward notifying the Board
3 whether there might be a conflict.

4 And then the seventh instance in which
5 the Patent Office requires real-party-in-interest
6 information is when the petitioner files a
7 petition, post-grant petition et cetera. And in
8 that instance, we need to know who the
9 real-party-in-interest is for purposes of
10 estoppel, whether that party is estopped from
11 filing that petition or in order to enforce
12 estoppel later on after the trial concludes. So,
13 I think that would be a third definition.

14 But then another problem occurs, because
15 the patent owner in a post-grant proceeding also
16 faces estoppel. He's not allowed to apply for
17 claims that were substantially similar to the
18 claims that were finally rejected in the post-
19 grant proceeding. So, I think six and seven are
20 somewhat related. But I think the patent owner
21 and the petitioner are somewhat related, but I
22 think the patent owner is more applicable to the

1 appeal definition. So, it's all very confusing.

2 But my recommendation is that to avoid
3 muddying the waters by vaguely defining what a
4 real-party-in-interest is for one purpose and
5 whether that definition applies for other
6 purposes, I think we should clearly separate the
7 three: Whether a person for 102(b)(2)(C) purposes
8 at issuance and after issuance -- that would be
9 one real-party-in-interest; purposes of appeal to
10 avoid conflicts with the Board -- that would be a
11 second definition; and then, a third definition
12 would be for petitioners for post-grant
13 proceedings for application of estoppel when that
14 becomes necessary.

15 So, I hope that the suggestion helps
16 you, and I feel for your problem, and I think it's
17 going to be difficult to solve. So, I wish you
18 luck.

19 DR. GRAHAM: Thank you, Mr. Greenleaf.
20 Our last speaker is arriving by telephone, and
21 since we're running a little bit early I want to
22 see if she's actually called in.

1 MS. CHIEN: Hi, Dr. Graham.

2 DR. GRAHAM: Colleen Chien is here.

3 Hello, Professor Chien. Professor Chien is
4 joining us from Santa Clara University School of
5 Law.

6 MS. CHIEN: Thanks, Dr. Graham. I'm
7 really honored to present today. I commend the
8 PTO and Director Kappos and Dr. Graham for their
9 leadership and real willingness to listen as well
10 as engage in these really important issues. So
11 bravo, PTO.

12 Because I am doing this presentation
13 over a phone conference -- you can't see me -- I'm
14 going to take a bit of an unconventional approach
15 (inaudible) is what I'm trying to say, so please
16 bear with me.

17 Okay, here we go. I'm going to read you
18 a line from a patent that I picked out. Here we
19 go. "A key formula is $\text{distanctet} = \text{sigma wi} \times .25$."
20 Let me repeat that in case you didn't get it the
21 first time. "A key formula is $\text{distanctet} = \text{sigma}$
22 $\text{wi} \times .25$." Okay, what the heck am I talking about?

1 Before the PTO cuts my line off, let me offer some
2 additional context.

3 This key formula is in a patent in which
4 one of the inventors is Tim Westergren. Now, if
5 you're a music lover, you might be familiar with
6 his work. If you've looked on the front page of
7 the patent you see it's been issued to a company
8 called Pandora, which now I think probably more of
9 us are familiar with. Now you might have a hunch
10 of what this patent is, right? It's the music
11 mapping algorithm set Pandora patented back in
12 2002.

13 So, if I'm a company that's either
14 (inaudible) or wants to be, this patent could be
15 super critical for understanding liability to
16 compete and be in this space. The fact that it's
17 owned by Pandora, one of the most successful
18 online music companies, it's just important as the
19 (inaudible) I was saying before, the formula
20 itself. With that bit of context, I would argue,
21 the context about who actually owns this patent,
22 the information itself is useless. With, though,

1 the context of Pandora being the owner, I get
2 information that can help me at least do things if
3 I'm a user looking for information.

4 One, if I'm a competitor and I'm
5 interested in making sure that I can manage risk,
6 knowing that Pandora has these rights in this
7 algorithm puts me on notice, lets me know that I
8 need to be careful not to tread on it.

9 But, secondly, as a tool of technology
10 transfer, which I think is one of the best and
11 highest uses of the patent system, this
12 information could be critical. Let's say I'm a
13 startup in this space and I want to reverse
14 engineer what others have done. I'm going to look
15 at what they've done, and I want to know what
16 Pandora has done.

17 There are two messages here. Thank you
18 for bearing with my initial introduction here that
19 I want to relay. But first we've got onset, which
20 is as important as content, which is known in
21 many, many fields. In the patent area, it seems
22 that if I don't know who owns this patent, it

1 doesn't mean as much to me. There are tons of
2 patents out there. There are probably tons on
3 different music algorithms. But the ones that I'm
4 most interested in are connected to real companies
5 that I can also look at, I can test out; and
6 having that additional bit of information does
7 make that much more interesting.

8 Secondly, there are a lot of different
9 reasons to look at patents, and I believe that the
10 (inaudible) administration has done a great job in
11 thinking about all the "customers of patent
12 information." Here it talked about patents as a
13 tool of transfer for a startup but also one as
14 defensive -- a rule of -- source of the best
15 information I can use strategically. And as we
16 think about our different consumers and customers
17 of patent information, we want to keep this in
18 mind.

19 So, what does any of this have to do
20 with real- party-in-interest? Let's go back to
21 hypotheticals. Say that the initial patent was
22 assigned to Pandora and I searched for Pandora and

1 I found it, but by searching by Pandora I also
2 missed a bunch of patents assigned to the Music
3 Genome Project. In an earlier version of Pandora,
4 that was a (inaudible) to it. And I also missed a
5 bunch of patents assigned to, let's say, Music,
6 LLP, which Pandora acquired later on, let's say.

7 Now, the genius of what the PTO has
8 suggested through the RPI rules is that because
9 Pandora -- the company now has rights to all these
10 patents, I should be able to find them all through
11 a search for RPI even though I would have missed
12 them through a search of unpaid assignee or
13 potentially even subsequent recordable assignee
14 information. Had they not been recorded or been
15 recorded in a slightly different name, Pandora
16 Inc. versus (inaudible), et. cetera.

17 Now, these are things that experienced
18 searchers can overcome easily. But if we want to
19 make the patent system accessible to everyone, we
20 want to make it easy for these because these types
21 of searches to yield the right information. So,
22 what I've said so far is that I've got context

1 that's really important in real-party-in-interest
2 (inaudible) crucial part of this context. And I
3 think the key contribution -- a lot of people have
4 talked about different types of (inaudible) and
5 patent holders, but what I think is mechanically
6 very important about real-party-in-interest is
7 (inaudible) of aggregate subsidiaries and
8 affiliates and group them by a common real-
9 party-in-interest.

10 And for anyone who's been in the
11 trenches, and many folks have already testified
12 that are, you now know what a huge problem in
13 patent law (inaudible) what I call the subsidiary
14 matching problem is, which is to say that IBM has
15 hundreds, maybe even thousands of different names
16 in the PTO recordation database. It's been
17 referred to. It's has kinds of different series.
18 And this is true of most large companies, and as
19 we become an information economy where there's a
20 lot of transfer of information and changes,
21 different regions to record entities and just
22 (inaudible) to different entities, you have a lot

1 of different subsidiaries that don't all kind of
2 tie back to the same parent.

3 So, I like this ultimate parent
4 authority that's (inaudible), because, for
5 example, if competitor y wants to know what
6 competitor X has, (inaudible) referred to earlier
7 by the companies, they can do so by searching the
8 real-party-in-interest, this ultimate authority
9 that has the power.

10 Now, for RPI to do this ultimately, this
11 problem really has to catch front and center. So,
12 when you actually execute it, RPI should be
13 (inaudible) unique identifier, like a dropdown
14 menu with that identifier rather than a text box
15 that allows some spelling (inaudible) must be
16 used.

17 The question of broad versus limited RPI
18 -- I think those eventually could, if implemented
19 correctly, accomplish what I've been talking
20 about. It would also be very helpful in terms of
21 both broad RPI scenario and licensees as well, but
22 even to get RPI in a limited form would also be

1 tremendously useful.

2 Okay, so I want to talk about the
3 benefits so far but not at all about cost, and I
4 think it is important, as Professor Rai reminded
5 us, in a number of testimonial (inaudible) to
6 compare and balance these benefits and costs.

7 And when you read through the
8 submissions from the 2011 ROC that Dr. Graham
9 referred to in his opening remarks, what you see
10 is something interesting, which is that as today,
11 the companies tended to favor the (inaudible)
12 disclosure all but once reported it, but the
13 lawyer groups and law firms -- because the lawyer
14 groups and law firms tended to disfavor the
15 proposal as burdensome.

16 Now, why did the companies like it? In
17 short, because it would make their jobs easier.
18 There's not really a downside but only an upside.
19 It makes it easier to make products and goods,
20 understand competitors; and it makes their jobs
21 easier.

22 Now, why did the lawyers not like it?

1 Because it would make their jobs harder. They
2 don't get any of the benefits of greater
3 availability of information, but they only have to
4 bear the risk in a downsize. There are increased
5 costs, complications, and a potential liability if
6 they don't record or provide information
7 accurately. They've got to go chase it down;
8 they've got to learn corporate law. One of the
9 things they talked about earlier by (inaudible).

10 So, my suggestion with respect to this
11 is that if the companies want this information,
12 and they are getting the benefits, then they
13 should actually pay for them as well. So, they
14 should be the ones responsible for providing the
15 information to their lawyers, determining who the
16 real RPI is, making that call, and making the
17 companies responsible for the information that's
18 incorrect, not their patent lawyers.

19 If we can potentially shift the risk in
20 a downsize associated with this new requirement
21 and reduce the burden from this, I think that that
22 would be helpful.

1 I want to make one final suggestion,
2 which is a little bit outside the scope of this
3 discussion today, which is going back to the
4 comments that context is an important as content
5 -- excuse me, context, which is as important as
6 content. Even for whatever reason -- if the PTO
7 does not go forward on RPI information, it has a
8 lot of rich context information it already had,
9 and only that ownership of security interest or
10 citations, et cetera, whether or not patents are
11 maintained. I believe this context information
12 should be more readily exposed in the PTO
13 (inaudible) 2011 ROC make that point. So, if a
14 company is worried about risk management, it
15 should be possible to search among expired patents
16 only or non-expired ones to figure out what its
17 exposure is. It shouldn't have to kind of sort
18 through and look up the maintenance fee records to
19 see what's in force or not. And I know that
20 commercial providers also give us information, but
21 startups can't afford this and they should have
22 access to this information as well.

1 I also echo the comments of Michael
2 Lubitz as someone who has been in the trenches and
3 (inaudible) to find records, and to normalize the
4 recordation procedure would provide a lot of
5 benefits. So, right now there are a number of
6 checkboxes you can check for what your conveyance
7 is actually doing. But there should be more
8 checkboxes. There should be no other form. And
9 we should standardize the information that's been
10 processed in automated way. It's very difficult
11 to do so right now.

12 In short, I support and applaud the
13 PTO's efforts in this area and am excited to see
14 how it goes forward.

15 Thank you very much.

16 DR. GRAHAM: Thank you Professor Chien.
17 So, we've reached the point where we are going to
18 take a break, after which we'll hear from more
19 interested parties. It is now 10:22 on my
20 Blackberry. Let's take 15 minutes, so let's be
21 back here at 10:37.

22 (Recess)

1 DR. GRAHAM: Thanks, thank you for
2 rejoining us for the real-party-in-interest
3 roundtable here at the USPTO. Our next speaker
4 will be Matthew Rappaport from IP Checkups.

5 For the next series of people we had
6 scheduled five minutes, but because we're running
7 a bit ahead of schedule I think we can be a little
8 bit flexible with that. So, what I'll do for
9 Matthew and the other folks is at five minutes, I
10 will raise the one-minute warning.

11 So, Matthew, please.

12 MR. RAPPAPORT: Just wanted to thank Dr.
13 Graham and Director Kappos for inviting me to
14 speak here today. It's a pleasure to be here.

15 I believe we're included in
16 god-multinous discussion fairly recently. My
17 company, IP Checkups, is a boutique patent
18 analytic firm. We provide competitive patent
19 landscape analysis and patent strategy services to
20 all kinds of different customers and clients and
21 patent holders.

22 One of the things that we did in October

1 was we went out to try to create more transparency
2 based on requests from our clients. In fact, we
3 have a number of clients who have said to us over
4 the years: You know, you've done a great job of
5 providing us information on who the big companies
6 are in this particular patent landscape; you're
7 able to provide us information on who the small
8 companies are and the startups; and you're able to
9 provide us information on the individual inventors
10 and the research institutions and the
11 universities. But one area that we're stuck with
12 is this whole list of companies that we can't
13 identify. We don't know who they are. They have
14 a name; we go to a website; there's nothing there.
15 We see that they own patents. We don't know how
16 diverse or broad their portfolio is within each of
17 these independent shell companies. And so they
18 started to ask us, well, how do we identify these
19 things? Well, we started to do the research and
20 realized that it was nearly impossible, in many
21 cases, to find anything more than a website that
22 leads to the Delaware LLC website, which leads to

1 some information that's very difficult to track
2 down to the ultimate parent or the ultimate parent
3 or the ultimate party of interest.

4 So, we started asking our clients:
5 Would you be willing to fund an effort to go out
6 and uncover who these folks are who actually own
7 these assets? And the answer was: Well, for a
8 small set of patents or for a small area that
9 we're focused on, but in aggregate we're not
10 really interested.

11 At which point we came across with an
12 idea that we ought to go out and try to crowd-fund
13 this effort and try to engage the IP community,
14 the technical community, as well as the general
15 community through a crowd-funding website called
16 Indiegogo to try to raise \$80,000, which we
17 thought was a reasonable amount of money to go out
18 and uncover this data and publish it for free on
19 the website -- excuse me, on the World Wide Web.

20 So, we were not actually ultimately
21 successful with raising \$80,000. We had a lot of
22 interest and a lot of people talked to us about

1 how interested they were in seeing this
2 information. But when it came time to putting
3 money on the table to do it, very few people were
4 willing to do that.

5 However, we have gone forward with our
6 effort. We've hired an intern to help us, and
7 we've gotten a lot of interest from some law
8 school students from various law schools to
9 participate in this process, and we are actually
10 going through the process of trying to uncover
11 these entities, and we will be making the
12 information available publicly on the World Wide
13 Web. In the meantime, another organization in the
14 Bay Area has recently released a set of 2,000
15 shell companies that are allegedly associated with
16 intellectual ventures, which is currently publicly
17 available.

18 We believe that this is a very important
19 issue, and we think that the main reasons behind
20 that are due to the benefactors of
21 non-transparency versus the benefactors of
22 transparency. And we believe that, in fact,

1 benefactors of non-transparency are typically
2 folks who are well-heeled and have access to a lot
3 of resources; and they thrive in an inefficient
4 and uncertain marketplace.

5 It makes it extremely difficult for
6 startups and small companies and folks that are
7 just trying to go about their business if you
8 identify a patent of interest or a patent that
9 you'd like to license and you realize that there's
10 nobody that you can contact at that organization
11 or at that shell company to actually go forward
12 with the license. And that may be because the
13 ultimate party of interest has no interest in
14 licensing the technology, which is fine, but at a
15 minimum we believe that they should have to
16 disclose who they are to the public. This is a
17 right -- a patent is a right that's granted by the
18 United States government, and a requirement should
19 be implicitly there to require these individuals
20 that apply for these patents to publish that
21 information for the public.

22 The main benefactors that we see of

1 non-transparency are the non-practicing entities,
2 specifically, the PAEs that are creating the
3 subsidiaries and shells. We think that the
4 increase in the threat of litigation and
5 litigation itself stems from these issues. We
6 also believe that large operating companies are
7 now starting to create shells, and we're seeing a
8 lot of that activity more recently where big
9 companies are out there with the shell company
10 development and going after these same targets.

11 From the benefactor perspective, we
12 certainly see that universities and research
13 institutions and startups and small companies will
14 benefit tremendously from transparency, but we
15 also see that those same entities, such as MPEs
16 and PAEs and large operating companies, will also
17 benefit from those rights that are now available
18 publicly that people can see. We think it will
19 increase the ability for these organizations to
20 license these assets and for other folks to access
21 them.

22 As to some of the other comments about

1 recordation, we would agree that the idea of
2 recording with each change in RPI makes a lot of
3 sense. And I think I'm going to limit my comments
4 to that.

5 Thank you.

6 DR. GRAHAM: Thank you very much. Next
7 speaker is Scott Pojunas. Scott comes from
8 Hewlett Packard.

9 MR. POJUNAS: So, good morning,
10 everyone. I'm currently a patent development
11 director with HP, so I head up our efforts for HP
12 software.

13 So, I'm pleased to be here today to
14 share HP's support for the PTO's efforts to
15 require greater transparency of patent ownership,
16 and I thank the PTO for the opportunity to be here
17 today.

18 I wanted to start off by giving a bit of
19 context on HP's portfolio.

20 So, we currently have well over 20,000
21 granted U.S. Patents and over 7,000 pending U.S.
22 Applications. So, we're a pretty significant

1 stakeholder in the patent system, and we really
2 have a significant interest in ensuring that the
3 system functions as effectively as it possibly
4 can. As a result, we fully support the proposal
5 to require the submission of information
6 identifying the real-party-in-interest at key
7 points during the life of the patent.

8 And I think, as the Supreme Court has
9 stated, a patent by its very nature is affected
10 with a public interest. In view of this, we think
11 it's reasonable for the PTO and for the public to
12 expect a party to disclose its identity as part of
13 the quid pro quo for obtaining or owning a patent.

14 In addition, many of the other panelists
15 have spoken to various benefits of this proposal,
16 and we fully agree with those, including increased
17 economic efficiency in the marketplace; enabling
18 innovators to more effectively manage risk; and
19 also benefits to the USPTO during examination and
20 post-grant proceedings.

21 So, in terms of the mechanics of a
22 potential rule, we believe that the submission

1 should include an identification of both the
2 current legal title holder and the
3 real-party-in-interest where the
4 real-party-in-interest is defined as the ultimate
5 parent or highest-level parent in the corporate
6 structure. In our view, this is typically going
7 to be a pretty straightforward question that will
8 be easily determined in the large majority of
9 cases.

10 In terms of the timing of collection of
11 information, we think it's important that the
12 information should be submitted relatively
13 frequently to ensure that the information is
14 current and is really serving the purposes that
15 we've spoken about today.

16 The real-party-in-interest information
17 can be submitted with minimal cost at key
18 checkpoints during the life of a patent: When
19 ownership is often examined and when the
20 information can be provided in conjunction with
21 other submissions. So, we believe that there are
22 at least four checkpoints during the life of a

1 patent in which this information could be
2 submitted.

3 First of all, at application filing
4 ownership is obviously a key question. You're
5 going to be obtaining assignments from the
6 vendors, and under the new rules you need to
7 determine whether the applicant will be the
8 inventors or an assignee.

9 Secondly, at patent grant typically
10 ownership would be confirmed prior to payment of
11 the issue fee, and the real- party-in-interest
12 information could be provided concurrently with
13 the issue fee payment.

14 Third, when ownership changes, really
15 regardless of the size of the transaction, a party
16 is going to be aware of what assets they require.
17 They're going to know what the new owner is. And
18 in many cases, they're going to be filing a new
19 power of attorney that would be filed in any case,
20 and the real-party-in-interest information could
21 be provided concurrently without power of
22 attorney.

1 And then, finally, payment of
2 maintenance fees. We think the information should
3 be submitted at that point. The party is only
4 going to pay maintenance fees for patents it owns,
5 and in our view it wouldn't require a whole lot of
6 effort to confirm ownership at the time of payment
7 of each maintenance fee.

8 One item we'd like to emphasize here is
9 that HP will feel any burdens imposed by the
10 requirements of any potential rule in proportion
11 to the size of our portfolio, which, as I
12 mentioned at the outset, is quite large. In
13 addition, there are situations where we may have
14 patents in subsidiaries for legitimate reasons.
15 That being said, we think it's, as I mentioned,
16 pretty straightforward to provide this
17 information, and we ultimately feel that the cost
18 of complying with these requirements are, without
19 a doubt, justified by the benefits.

20 In any event, to the extent that there
21 are difficulties in gathering this information in
22 exceptional cases or fringe cases, these can be

1 addressed with flexibility and leniency in the
2 rules that are ultimately passed provided, of
3 course, that any potential loopholes are avoided.
4 But that could all be borne out in the rulemaking
5 process.

6 So, one example is that an unavoidable
7 or unintentional standard could be adapted to this
8 situation to excuse delays in providing the
9 information when for some reason it wasn't
10 possible to gather it. And, really, any other
11 exceptional cases could be, as I mentioned,
12 identified and addressed in the ultimate rules
13 that are passed.

14 So, ultimately, HP believes that
15 ownership transparency is a really critical
16 characteristic of an optimal patent system, and we
17 think that implementing the proposal would provide
18 benefits to the public, the USPTO, and to key
19 stakeholders of the patent system. So, going
20 forward, we hope to have the opportunity to
21 collaborate with the USPTO to develop rules that
22 make this really important initiative a reality.

1 So, thank you very much.

2 DR. GRAHAM: Thank you, Mr. Pojunas.

3 Next on the scheduled agenda is Professor Dennis
4 Crouch, although I don't believe he has arrived.

5 So, one must assume there are weather difficulties
6 or whatever it is that happens between here and
7 Missouri. (Laughter)

8 So, I will go on to our next speaker,
9 Kristi Nicholes. Kristi comes from Burton, Arent
10 Fox.

11 Ms. Nicholes.

12 MS. NICHOLLES BURTON: Good morning.
13 Thank you for inviting me here today.

14 Actually, I've been a patent
15 practitioner for approximately 10 years, first
16 in-house at a large corporation and now working
17 for Arent Fox as a patent attorney.

18 DR. GRAHAM: Thank you.

19 MS. NICHOLLES BURTON: No problem. Most
20 of my practice is focused on transactional as well
21 as prosecution matters, so I'm going to focus
22 primarily on some of those considerations today.

1 But first I just want to make clear that I'm
2 speaking on behalf of myself mostly today and that
3 not all of the partners at the firm necessarily
4 agree with all the positions that I'll be making.

5 So, the primary considerations that we
6 have or I have concern fees and costs, assets,
7 asset transfers, the prosecution and mechanics of
8 submitting the information, and any penalties and
9 incentives that may be imposed. I'm not sure if
10 I'll be able to get to all of those in this five
11 minutes, but I will do my best.

12 So, Scott just covered the various times
13 at which ownership information is anticipated to
14 be required for submission during prosecution and
15 the life of a patent. So, clearly, there is some
16 sort of administrative burden. I was happy to
17 hear that the fee, actually, for recordation has
18 been abolished. But, still, if there's a form or
19 an action that is required, it's going to require
20 attorneys fees and other efforts from the folks
21 involved. So, there is an administrative cost.
22 However, I think that it is important to

1 disseminate and collect the information and to
2 make it available.

3 I would like to point out that if an
4 ownership or ownership in a case changes, then I
5 would think that the costs associated with
6 recording the information could actually be
7 negotiated in the transaction or ultimately sort
8 of distributed between the buyer and the seller in
9 the market. So, it's not necessarily the inventor
10 or the applicant but, you know, it's going to be
11 distributed amongst various parties involved in
12 the transfers.

13 I would like to mention the mechanics of
14 submissions, so, you know, will it be required for
15 both recordation as well as submission of the
16 ownership interest information both through the
17 assignments database or within the prosecution
18 file? I think that that, too, would actually add
19 to the administrative burden and could
20 significantly increase the costs and time
21 involved.

22 I think another issue that's been

1 discussed is the amount of time that it takes to
2 research title issues in a case, and I think that
3 that's significantly enhanced when you're looking
4 at requiring information retroactively. So, for
5 cases that have already been filed or patented, if
6 you do need to go back into the file histories now
7 because of a mandatory requirement, that could
8 absolutely take a significant amount of time and
9 cost in order to ascertain what the ownership or
10 chain of title is for a particular case. So, I
11 think that that needs to be balanced and
12 considered in terms of should it just be
13 prospective. However, if it's only prospective,
14 then the amount of information, the value of
15 information that's available would not be complete
16 or thorough and therefore may not be as helpful as
17 what we're looking for.

18 With regard to asset transfers,
19 transparency and accuracy of the ownership
20 information is imperative, and when doing due
21 diligence it absolutely would reduce the fees and
22 time associated with determining who are the

1 parties at play? Who are we buying from? Who are
2 we selling to? Or who's involved in the
3 transaction?

4 When researching or performing due
5 diligence on a patent, one of the first steps I do
6 is actually go to the USPTO website and perform a
7 search of patents in the database and also patent
8 applications. Once I do get my set of inquiries,
9 then I have to go to the assignments database in
10 order to determine if there have been any changes
11 in ownership or updates to title or change in
12 assignment. And subsequently, after that usually
13 I'll look at the inventors of the patents and then
14 go back and search for the inventors in the
15 database to see if there are any other potential
16 patents or applications that may be included in
17 the portfolio.

18 Then, obviously, there's another step to
19 go back to the assignments database if you've
20 uncovered any additional documents, and this
21 process takes a significant amount of time,
22 particularly when the information is not clear or

1 available.

2 So, one of the proposals that I think is
3 very critical to making this requirement valuable
4 is somehow having interaction or integration of
5 the assignments database with peer and also the
6 searching engines so that you don't have to go to
7 three different places for the information; it's
8 just one search somewhere and you can click on a
9 link and you get the agreement right there, and
10 you don't have to spend additional time and
11 expense of obtaining copies.

12 So, now with respect to prosecution and
13 the mechanics, I want to first discuss the
14 requirements for proof of ownership in the cases
15 where an applicant has established ownership in a
16 patent application just to make the point that we
17 don't want to add an additional step or level or
18 requirement during prosecution. If an applicant
19 has already established ownership, then is this
20 going to be a second requirement on top of that to
21 also provide further evidence?

22 And, finally, I would also like

1 clarification on the requirements. Is this going
2 to be a free submission, sort of like an IDS,
3 within three months, and then if it's not filed
4 within three months and there's a fee imposed or
5 something of that nature? So, mechanics are also
6 very important.

7 Thank you very much.

8 DR. GRAHAM: Thank you, Ms. Nicholes
9 Burton from Arent Fox.

10 Next on the list we'll hear from David
11 Martin. David comes from M*CAM.

12 DR. MARTIN: I have the good fortune of
13 being one of the longstanding critics of the
14 United States Patent Office and its practice, so
15 it's unusual when I get to stand in front of the
16 Patent Office and actually commend it for (a)
17 doing a great job on something and (b) something I
18 fully support. And that's really important. If
19 you're going to be a critic, you have to also
20 acknowledge when things are being done
21 exceptionally well.

22 The second thing is in the interest of

1 five minutes, those of you familiar with my
2 speaking and my lecturing know that five minutes
3 is my enemy, so I have prepared remarks, which I
4 am going to turn to and uncharacteristically also
5 read them so that we actually stay focused.

6 Essential for the banking and capital
7 markets securities since the 1950s, Article 9 of
8 the Uniform Commercial Code acknowledges the
9 importance of the unambiguous
10 real-party-in-interest as a feature of perfection
11 of security interests for collateral. Under 35
12 U.S. Code 261, which has been mentioned several
13 times today, the recordation is actually something
14 that happens inside of a limited time frame, and
15 we actually fully support the notion that the
16 reasonability of three months is actually
17 reasonable in transactions, and we think that the
18 current UCC practice is actually fully acceptable,
19 although we know that it's often not done by many
20 financial institutions.

21 With respect to the RPI question, the
22 USPTO is considering a broad and limited

1 definition of RPI, focusing primarily on the
2 internal procedural implications, litigation,
3 licensing, and infringement matters; and people
4 today have actually brought those issues up quite
5 frequently. But in the changing economic times
6 we're in, the majority of patents are actually not
7 subject to any of these issues. They are actually
8 subject to senior secured and perfected lien
9 interests. That's where the real economics of
10 patents now lives. And increasingly, the failure
11 to address those issues is actually becoming
12 significantly critical both from a
13 bankruptcy-trustee standpoint as well as from
14 secured regulatory capital issues. And it's
15 important to realize that we're in changing times,
16 and changing times require an adaptation, and we
17 really appreciate that we're having this
18 conversation.

19 While I am sympathetic to the view that
20 the USPTO is currently taking, it may be
21 informative to consider the UCC Article 9
22 precedent, particularly in bankruptcy, given the

1 centrality of these assets to now the majority of
2 U.S. Businesses. Within this context, RPI might
3 not be limited definition to just the entity with
4 a legal right to enforce but may also potentially
5 look at any party subject to subsequent
6 encumbrances as defined under the pre-petition
7 definition of parties of interest for financial
8 transactions, which I think is actually extremely
9 important to harmonize.

10 The implications of accurate RPI
11 transparency become increasingly essential as the
12 financial markets become more educated as to the
13 importance of intellectual property in the capital
14 markets.

15 One only needs to read the newspaper to
16 see the number of significant financial
17 transactions when RPI is relevant on two levels.
18 Was Kodak's Digital Imaging Portfolio worth 2.2 to
19 \$2.6 billion as was imagined by Mike Luzinski at
20 284 Capital Partners, or was it worth the \$525
21 million, the subject of a bid between -- are you
22 ready for this? -- competing parties who are now

1 operating as though they work together?

2 Well, how could the valuation disparity
3 be so vast? Quite simply. The value of patents
4 is not merely assessed by the substance of the
5 artifact or their claims but the context in which
6 they are enforced. That's an enormous difference.
7 If you don't get that right, you don't get the
8 number right.

9 The senior secured noteholders, the
10 beneficiaries of general intangibles and specified
11 intangibles like Citibank and Blackstone, cannot
12 rationalize estimates of collateral value if they
13 don't know the owners of the related parties. If
14 you don't have that visibility, there is no way to
15 clarify whether somebody is a competitor, whether
16 somebody is a licensee or a potential litigant.

17 In the DOJ's Antitrust Division's June
18 26, 1997, review of MPEG LA enforcement
19 intentions, the department's position was informed
20 under the explicit understanding that independent
21 parties qualify and administer the properties on a
22 day-to-day basis to ensure that there were not

1 embedded conflicts from a competitiveness
2 standpoint.

3 To establish essentiality, an
4 independent expert was deemed necessary to allay
5 antitrust concerns. The chief of the Technology
6 Division of the Antitrust Division of the United
7 States DOJ, James Tierney, when commenting on the
8 growing patent pooling activities in non-operating
9 entities, stated that the DOJ's challenge is to
10 know whether separate companies -- and that's a
11 legal term under the Justice Department's concern
12 -- are in fact colluding. If you don't know the
13 parties, you cannot determine whether or not there
14 is collusion, and that is an impossibility in the
15 present regime. He is understating the
16 impediments facing law enforcement and financial
17 regulators.

18 When addressing Apple and Google's
19 investigations, Acting Assistant Attorney General
20 Joseph Whalen stated that the DOJ review is
21 directed to reasonable and non-discriminatory or
22 RAND licenses but did not do anything to look at

1 related parties. And as a result, the ability to
2 understand what patents were actually
3 RAND-subsequently- attached versus
4 non-RAND-attached was impossible.

5 At no point did the DOJ consider the
6 non-RAND- encumbered, non-standard-essential
7 patents, and properties held by non-disclosed
8 corporate entities controlled by or in contracted
9 relationship with Apple and Google. And, by the
10 way, this is not the fault of Apple and Google;
11 it's actually the fault of a system that doesn't
12 make this transparent. This is actually just a
13 practical failure.

14 RPI definition must accord all parties
15 of interest, particularly the investing public in
16 the operating businesses of America, a clear
17 picture of the beneficiary of patent rights at all
18 times. Ambiguity of recordation timeliness beyond
19 the limit of three months inside the UCC Article 9
20 is harmful to markets. Incomplete disclosures
21 undermine collateral confidence, making capital
22 flow to critical businesses impossible and

1 impractical.

2 I commend the harmonization of
3 regulations promulgated by the USPTO with the
4 established UCC Article 9 provisions that we
5 already have in place, and I also commend the
6 consideration of economic interests to be drawn
7 from the securities and banking laws, which
8 actually are equally enforceable and also clearly
9 defined in bank (inaudible) statutes.

10 Thank you very much.

11 DR. GRAHAM: Thank you. Next on the
12 agenda, William Hulsey. William Hulsey is from
13 Hulsey PC. And William Hulsey is also not in
14 attendance, so we move on to the next speaker.

15 Next speaker is George Spencer. George
16 Spencer comes to us from Antonelli, Terry, Stout &
17 Kraus.

18 MR. SPENCER: Well, thank you very much
19 for inviting me to speak here and of course the
20 usual disclaimer. Whatever I say has nothing to
21 with the firm. In fact, I'm a counselor, I'm not
22 a partner there. So, I'm at liberty to speak.

1 I'm here on a topic of what may be
2 considered gamesmanship in a way, namely, take a
3 situation where a company has an agreement with an
4 inventor to assign whatever the employee makes.
5 But the company does not require the inventor to
6 sign an assignment, and no assignment is in
7 existence. So, the prosecution continues, the
8 patent is issued, possibly in the name of the
9 inventor, but there does exist an obligation to
10 assign. Now, the attorney may or may not know
11 that, but assuming the attorney does and the
12 attorney gets paid by the company, well, I
13 supposed the attorney would consider that to be
14 the real-party-in-interest.

15 But how would the Office treat that
16 particular situation where there exists an
17 obligation to assign but no assignment has
18 actually come into being. There's nothing to be
19 recorded. Maybe the agreement to assign might
20 ultimately come to light in the course of
21 litigation. That is a problem that may need to be
22 considered.

1 Now, going a step further, suppose there
2 does not exist an obligation on the part of an
3 inventor to assign the invention that he's made
4 and for which an application has been filed. But
5 let us say that there's a mere possibility or
6 perhaps even a probability that an assignment will
7 come into being. Would the potential assignee be
8 considered a party in interest? I really don't
9 know how that should be handled at this point, but
10 I leave it to the wisdom of the authorities of the
11 PTO to come up with a decision on that.

12 Thank you very much.

13 DR. GRAHAM: Thank you, Mr. Spencer.
14 And for our final discussant today, formal
15 discussant, Erik Lieberman. Mr. Lieberman comes
16 from Food Marketing Institute.

17 MR. LIEBERMAN: I'd like to thank the
18 PTO for the opportunity to speak this morning. We
19 really appreciate it.

20 I'm with the Food Marketing Institute.
21 We are the trade association for the supermarket
22 industry, and many of you may be wondering what

1 the heck are the supermarkets doing here this
2 morning.

3 Well, I've got two words for you:
4 "patent trolls." Patent trolls have become an
5 enormous headache for our industry, costing
6 retailers and wholesalers millions of dollars in
7 legal fees, settlements, and other resources each
8 year. While retailers bear the brunt of this
9 burden, many of these costs are passed down the
10 supply chain to consumers, and with food costs
11 rising this is the last thing consumers need.
12 This is not just a high-tech issue; it's a
13 business issue. Tens of thousands of businesses
14 outside of the high-tech area are affected by
15 patent trolls every year.

16 Patent trolls, also known as patent
17 assertion entities, purchase patents solely for
18 the purposes of enforcing them with no intention
19 of further developing, manufacturing, or marketing
20 the patents. Retailers have been sued or shaken
21 down for licensing fees over such commonly used
22 technologies as store locator technologies on

1 their website or WiFi. I just saw an article
2 about a small business that was sued for using a
3 scanner. It's a huge problem.

4 Licensing fees are often priced
5 precisely at the level where it makes economic
6 sense for a business to pay rather than to pay the
7 legal fees to fight the PAE.

8 And the activities of patent trolls do
9 nothing to help our economy or further innovation.
10 It's legal extortion, and something must be done
11 to stop it.

12 Most businesses simply don't have the
13 resources to track hundreds of thousands of
14 patents, patent trolls, and the specifics of the
15 technology their using in many cases. And I can
16 tell you we represent some enormous retailers, and
17 they don't have the resources to do that. They're
18 in the business of selling food. They're dealing
19 with a host of other legal and regulatory
20 obligations related to real estate, food safety,
21 labor law. They don't have time to do this, and
22 they shouldn't have to deal with these types of

1 actions.

2 Fighting trolls is a real challenge,
3 given the limited the resources of business and
4 the fact that patent trolls are very adept at
5 manipulating the system. Some patent assertion
6 entities have hundreds, even thousands of shell
7 companies, and it's simply impossible for our
8 members to keep track of them.

9 So, we need greater transparency in
10 patent ownership where the public can easily see
11 who owns what and where they acquired it. The
12 system should require acknowledgment of agreements
13 between shells and other entities. We believe
14 that troll issues should be addressed through
15 competition laws and regulatory enforcement, so
16 we're very encouraged that DOJ is here this
17 morning, and we're also encouraged that the FTC
18 and DOJ held a public workshop on the issue last
19 month.

20 We also think the PTO should consider
21 some proposals such as penalties for not recording
22 assignments. Also, the PTO needs to think about

1 what they can do to ensure that the
2 real-party-in-interest records as opposed to a
3 shell with a misleading name. Additionally, how
4 do we keep assignment information updated? What
5 are the things the PTO can do that -- when
6 maintenance fees are due, do you require some sort
7 of update? These are measures we think can help
8 address this problem of patent trolls, which is
9 affecting a huge proportion of the economy beyond
10 just the high-tech area.

11 Thank you.

12 DR. GRAHAM: Thank you, Mr. Lieberman.
13 So, that ends our formal presentations. Before
14 moving on to possible commentary from the
15 audience, I would like to engage in some
16 discussion among the speakers here since we're in
17 a roundtable. And to do that, I'd like to invite
18 questions both from the several representatives of
19 the PTO who are around this table as well as
20 comments from speakers directed to things you've
21 heard today.

22 Since we do want to keep things civil, I

1 ask that you direct all questions or comments to
2 me, and then I will redirect your questions to the
3 group and the appropriate people.

4 So, with that, let me introduce Michelle
5 Lee, who is the USPTO's director of the Silicon
6 Valley Office of the USPTO, and in addition
7 Saurabh Vishnubhakat, who is an expert advisor
8 here at the Agency.

9 I know that Michelle has a question, and
10 so I'll ask Michelle to kick us off here.

11 MS. LEE: So, thank you all for the
12 very, very helpful comments today. The USPTO very
13 much appreciates it.

14 I have a question for those of you in
15 the room and for those of you who are
16 participating via Webinar or who may be
17 considering submission of written comments later
18 on. If you could and have thoughts on this
19 question, the PTO would appreciate it.

20 But in the request for comments, the
21 proposal is to disclose RPI information at the
22 time of filing, at the time of publication, and

1 when the maintenance fees are due. Also, during
2 the time of prosecution there's a suggestion that
3 if there's a change that occurs in ownership that
4 that change be recorded within a reasonable period
5 of time. And in the request for comments, we
6 suggest a reasonable period of time as being three
7 months.

8 The PTO would welcome some input on the
9 burden of that to the companies and their lawyers.
10 Is that a reasonable period of time, particularly
11 in a situation where a company may be doing a lot
12 of acquisition activity of large portfolios, and
13 are there circumstances in which you may need
14 additional time and perhaps suggestions on how the
15 PTO might be able to accommodate you so that we
16 have a workable system but yet we're also getting
17 the information that we need in a timely manner?
18 That's issue number one.

19 Issue number two is, on the issue of
20 penalties what do the stakeholders and what does
21 the public think is appropriate?

22 DR. GRAHAM: Thank you, Michelle. I

1 should state at this point that we are leaving the
2 written comment period open for two weeks until
3 Friday, the 25th of this month, and so those who
4 are with us via Webinar or otherwise may do that.
5 But does anyone have a specific response to that
6 question? I ask you, if you do, to put up your
7 tent cards in the standard fashion.

8 David, please.

9 DR. MARTIN: I think as a practical
10 matter, the recommendations that we've commented
11 on with respect to the lien interest filings and
12 so forth have been informative in this, and the
13 way in which they've been informative is in the
14 transfer of interest particularly in subordination
15 agreements and credit agreements. It is not
16 unusual to find a disentanglement period where
17 there may be assets that transfer very cleanly and
18 there are assets that do not. So, the idea that
19 you can have a complete period inside of that 90
20 days is unreasonable because of the
21 disentanglement issue with respect to our
22 experience in the credit agreement space.

1 So, I just wanted to raise the issue
2 that there is a legitimate intent to disclose that
3 probably is appropriate, but the full disclosure
4 that would be recorded against every patent may
5 not be feasible in that time frame. So, I think
6 there needs to be an awareness of that issue,
7 because we've seen that as a significant impact.
8 So, just from experience I would comment that
9 that's important.

10 DR. GRAHAM: Thank you, David Martin.
11 One follow-up question. How is that resolved in
12 your field?

13 DR. MARTIN: Well, as a practical
14 matter, and the Kodak bankruptcy is informative in
15 this particular instance because -- and the GE
16 sale of GE Plastics to SABIC is informative in
17 this. These are two cases that are very easily
18 researched. What you'll find is that the senior
19 debt holders typically will be the lien interest
20 holders that are identified.

21 But the secondary lien holders will be
22 parties that are not disclosed, because they live

1 inside of the general and tangible lien. And that
2 general and tangible lien is much more difficult
3 to untangle, particularly in syndicated credit
4 agreements. And so what typically is happening is
5 a subset of the assets is transferred immediately
6 as a consummation of the transaction, and then
7 over a period of time the rest get resolved.

8 But from the standpoint of the intent of
9 the rule, having that, it is appropriate to leave
10 open a filing period that says that within 90 days
11 it's reasonable to say that there is an intent to
12 comply. But the intent to comply may, just as a
13 practical matter, take time to fully implement,
14 and that's what happening right now.

15 DR. GRAHAM: Thank you very much. I see
16 that Kristi Nicholes Burton would like to comment.

17 MS. NICHOLAS BURTON: In considering the
18 acquisition of patents, I think the most efficient
19 or the best time to record the information is
20 literally within months of completion of the
21 transaction. So, a three-month period seems
22 reasonable, however with extensions, because there

1 are various issues that can crop up. Maybe the
2 seller doesn't provide you the documentation right
3 away. It could be a foreign entity, and you're
4 having difficulty getting, you know, records or
5 things that you need. So, I think that there does
6 need to be a balance or contingency, but for
7 something that's clear cut, if you have the
8 document in hand it would be best to record it at
9 that time.

10 DR. GRAHAM: Thank you very much. I see
11 -- very good. He's point to you, so Herbert
12 Wamsley.

13 MR. WAMSLEY: On the question of when
14 the information should be provided, I would note
15 that I think the timing is less urgent to provide
16 the information during the first 18 months after
17 filing, because the application normally has not
18 been published. And looking at it from the
19 viewpoint of IPO members, at least, I think, we
20 see the RPI information valuable in knowing who
21 owns the patents. But I don't believe that
22 there's so much benefit in having that information

1 for the first 18 months.

2 On Michelle Lee's other question about
3 penalties, we don't believe that the penalty
4 should at all touch the area of inequitable
5 conduct, patent enforceability. I would be wary
6 of saying that penalty include ethical sanctions
7 against practitioners.

8 One of our members suggested monetary
9 fines for failure to disclose RPI information as a
10 possible penalty, assuming the PTO would have the
11 authority to do that.

12 DR. GRAHAM: Thank you. Michael Lubitz.

13 MR. LUBITZ: Thank you. Michelle, your
14 questions -- I'm going to deal from the
15 transaction side and particularly with the time
16 period, and of course the danger there is when you
17 set a time period it's rather arbitrary. And
18 there are special circumstances. And in our
19 day-to-day life, what we see is a lot of
20 transactions happening where the entity that's
21 acquiring the assets is behaving as a pass-through
22 entity. And there might be a variety of parties

1 involved. So, as a consequence, you really don't
2 know where the assets are eventually going to
3 settle.

4 And from an administrative -- from a
5 burden side, there needs to be flexibility until
6 the transaction finally completes.

7 In addition, you're seeing extended
8 periods of review. I think there's a voluntary
9 compliance with the DOJ of any deal that's over, I
10 think, 66 million or so that needs review.

11 And so there are other regulatory
12 implications, and so even -- you know, so, that
13 will impact the time. But also if you're handling
14 these assets and all of a sudden these maintenance
15 fees are opening up and you have an obligation to
16 report changes but you know that the ownership is
17 going to change, what do you do in those kind of
18 hybrid situations?

19 So, I think that there needs to be a
20 provision that doesn't -- in general, the timeline
21 is great, but there should be some type of
22 exception that allows parties to comply based upon

1 the nature of the transaction and some
2 reasonableness.

3 DR. GRAHAM: Thank you. And I see
4 Kenneth Nigon.

5 MR. NIGON: My problem is with small
6 inventors, and we represent a number of small
7 inventors. I've even had small inventors
8 contacted by Intellectual Ventures to buy their
9 patents. Now, I don't know if they sold patents
10 or not, because Intellectual Ventures dealt
11 directly with them. And what I'm trying to point
12 out here is a patent practitioner is very often
13 not going to know whether these transactions
14 occurred, but they're going to be the ones
15 responsible for filing these statements. And if
16 the client is uncommunicative, the practitioner is
17 not going to be able to get the information.

18 So, I agree with Herb that I don't think
19 inequitable conduct should be a penalty. I don't
20 know what kind of penalty to have, and I don't
21 know how to deal with this situation, because if
22 you allow the amount of time, which may be a year

1 or two between the time you talk to a client after
2 a transaction has occurred, then the duty to
3 record becomes meaningless, because there will be
4 these huge gaps that won't be covered.

5 DR. GRAHAM: Thank you very much. Do
6 you have a follow-on? Please, go ahead. This is
7 Kristi Nicholes Burton.

8 MS. NICHOLLES BURTON: Yes. On the other
9 side of penalties could also be incentives to
10 timely or promptly record. So, whereas, you know,
11 maybe the time period is a little longer, I think
12 there are times, like when the application is
13 pending before it's published -- there are
14 considerations there, and maybe in certain
15 transactions that need a longer period -- but
16 maybe if recorded within a certain time, it could
17 also be considered to have an incentive to do
18 that. And that way, that would facilitate getting
19 the information promptly available and in the
20 record.

21 DR. GRAHAM: Thank you. Ken, was that
22 another follow-on? Please.

1 MR. LUBITZ: Just a quick comment. The
2 way that I understand the proposed rules or
3 proposed framework is that the obligation is on
4 the new owner. So, in the case of the inventor,
5 there really wouldn't be an obligation, and they
6 wouldn't be subject to a penalty. It would be the
7 buyer or the new assignees. I don't think that's
8 really a concern. What we're trying to do is
9 bring parties who actually own the assets into
10 compliance.

11 A question, though, is what about how do
12 we orchestrate this retroactively, and who does it
13 apply to? And so should it only apply to certain
14 threshold owners so we don't unfairly burden small
15 inventors?

16 DR. GRAHAM: Thank you. And for the
17 transcription, let me just correct that that was
18 Michael Lubitz who just spoke. Yes, I see
19 Courtenay -- Courtenay Brinckerhoff.

20 MS. BRINCKERHOFF: This is just a
21 general comment. It's sort of slightly related to
22 the open question.

1 I just wanted to point out that if you
2 assume a transaction cost of a hundred dollars per
3 disclosure, which I think probably underestimates
4 in most circumstances, especially if any inquiry
5 is involved, and you take that three times per
6 application and you multiply that by HP's 7,000
7 applications, that's \$2.1 million. And is that
8 how the money should be spent to promote
9 innovation?

10 DR. GRAHAM: Since that implicated HP
11 (laughter), I'll let HP respond. Mr. Pojunas.

12 MR. POJUNAS: Yeah, I think this sort of
13 gets back to one of my points, which was that this
14 information would be provided at key checkpoints
15 in prosecution when we'd be touching the case and
16 we'd be touching ownership in any case. So, in my
17 view, the hundred dollars seems a bit much to me.
18 It would essentially be confirming do we still own
19 the case, and if so, you know, maybe it's a
20 checkbox on a form or a pretty simple question
21 ultimately.

22 DR. GRAHAM: Thank you. That raises an

1 issue, if I may inject something here, and I do
2 want to get to these other comments. You know, I
3 heard from Mr. Wamsley and others that this could
4 be, you know, burdensome -- enormously burdensome
5 -- and we're sensitive to that here in the Office,
6 having looked at the patent records and studied
7 them as the economist. You know, it's clear that,
8 you know, a very large portion of the patents, the
9 applications that are pending, and the patents
10 that are issued every year are held by, you know,
11 a relatively few number of companies, which are
12 largely those represented in your organization.

13 That said, of course, independent
14 inventors are extremely important, too, and these
15 burdens can at the margin -- right? -- when you're
16 operating at the margin can be important as well.
17 So, what I'd like to hear is whether there is
18 anything that can be done in a way in which our
19 information systems work or the way in which we
20 organize the collection of data here at the USPTO
21 that could facilitate the reporting of these
22 things across large portfolios -- that can be the

1 case -- or in the case in which it's really firms,
2 law firms, acting for many autonomous inventors.
3 Both those things are, I think, are important for
4 us to understand if we're going to understand the
5 consequences of doing something like this.

6 So, if I can ask -- I see Courtenay
7 Brinckerhoff.

8 MS. BRINCKERHOFF: Sure, some ideas on
9 that. One thing that was sort of touched on that
10 -- this seems to be proposed as a separate
11 requirement that we filed in an application. So,
12 you would be duplicating recording in assignment
13 and filing a form in an application. That
14 duplicity should be eliminated if possible.

15 Also, the proposals -- although one of
16 the proposals was to initially provide the
17 information in the ADS; the other proposals were
18 requiring new forms at each stage of prosecution.
19 Again, that seems wasteful. So, any -- it seems
20 like -- I'm not sure there should be a requirement
21 to confirm at critical stages. If you've had to
22 identify the information once and you have an

1 obligation to update, then you should only have to
2 disclose it once unless there's a change.

3 And then having a mechanism where you
4 could blanket -- make the disclosure in a number
5 of applications, with one paper, and also have
6 that account for your recordation. Those are ways
7 that it could reduce the cost. But I know that
8 would take some changes on the Office side of how
9 the systems are integrated.

10 DR. GRAHAM: Thank you. I had seen
11 comments from down the table. Professor Rai, did
12 you have a comment? It may have been directed to
13 the earlier discussion. Please feel free to --

14 PROFESSOR RAI: Yeah, it was directed a
15 little bit to a comment that I think was made with
16 respect to retroactivity. So, that's a really
17 important concept to keep in mind for purposes of
18 administrative law.

19 As I see the proposal as currently
20 structured, I don't see retroactivity issues in
21 it. But it's a complex concept regarding what
22 constitutes primary retroactivity versus secondary

1 retroactivity and something that's worth thinking
2 about for the PTO.

3 DR. GRAHAM: Thank you. Kenneth Nigon?

4 MR. NIGON: I just want to bring up a
5 point that other people have brought up but just
6 to emphasize that it would be great to have the
7 actual document available to look at without
8 having to request a certified copy the way it is
9 in the trademark system right now.

10 DR. GRAHAM: Thank you very much.

11 MS. NICHOLE'S BURTON: So, I think -- I
12 don't know if it's possible. You'd mentioned the
13 systems you have available, but if you could get
14 some data as to what is the average number of
15 transfers per case in its lifetime, and what kinds
16 of entities are the ones involved in that. That
17 could possibly give us a little bit more
18 understanding of what the administrative costs
19 might be ultimately.

20 DR. GRAHAM: Thank you. That was Ms.
21 Nicholes Burton. Thank you for that. I suppose
22 that raises another issue that I actually wanted

1 to direct to Michael Lubitz, if I could. So,
2 seemingly the way that we could collect that
3 information about the frequency of transfers is in
4 our assignments data. But I've always suspected
5 -- and this is one of the questions I wanted to
6 put to Mr. Lubitz, because he could help us to
7 understand what a voluntary system gives us.

8 To the extent that you've been able to
9 compare the data we have against what's actually
10 going on in the marketplace, actually going on in
11 the transactional space, how well does this
12 voluntary system of recordation reflect what's
13 really going on out there?

14 MR. LUBITZ: That's a really good
15 question, because part of the answer is we don't
16 know, really. And, you know, I don't necessarily
17 -- most of what we find is the majority of parties
18 record eventually -- the questions eventually.
19 So, we see, based upon parties' practice, that
20 they'll -- and we'll know of the transaction
21 through whatever channel, and we'll see the
22 recording happening, you know, three, six, nine --

1 a year out. And so things tend to eventually get
2 recorded. The issue is more about how that
3 information is recorded and then distributed to
4 the public. And so the question that you asked is
5 a great question about what can we do to make this
6 data more available and useful.

7 And so one thing, just off the top of my
8 head, is that we would love to be able to show the
9 relevant personnel at the USPTO the payment we're
10 dealing with on a daily basis and the issues that
11 we have to deal with in terms of looking at the
12 feeds and trying to establish some type of
13 standardization.

14 I don't know if I answered your
15 question, but the difficulty is that even though
16 the recordings are happening, it's understanding
17 them.

18 DR. GRAHAM: I see David Martin.

19 DR. MARTIN: Once again, using a
20 triangulation approach, because that's the only
21 way we can tackle this question, we actually look
22 at two sources. One is a very general database

1 that's available fairly easily, which is the
2 recordation of liens by the State Corporation
3 Commissions or the Secretaries of State, depending
4 on the UCC-adopted standard, because Article 9 has
5 -- you know, some states have the updated Article
6 9, some states are using the preceding one. We
7 find that that record is actually the most
8 accurate right now, because it actually records
9 the real interest. It is the financial interest
10 that is actually taking an interest in the
11 intangibles. So, right now that's the best data,
12 and it has very little overlap with the USPTO
13 record. So, we find that the error rate
14 internally at USPTO has a lag of probably
15 somewhere in the two to three quarters where the
16 State Corporation Commission records are actually
17 much more refreshed.

18 The other place that we look, and we use
19 this very extensively globally, is in securities
20 filings, because typically in footnotes of
21 transfers, releases of liens, things like senior
22 security agreements, and so forth, give us the

1 actual title name where we can then go back and
2 actually look at where the records actually are.
3 And that's why I think one of the things that I
4 would encourage is actually the USPTO to do a
5 better job of promoting the existing structures,
6 because right now there are some really good
7 recordation processes that are actually not
8 complied with if you look at a lot of banks, if
9 you look at a lot of securities firms. And we
10 think that you guys could do a better job of
11 promoting what you already have as a way to catch
12 up with other systems. But I think -- I would
13 encourage us to look at places that we already
14 have solutions rather than having to create
15 redundancies. I mean, if there's a place that we
16 can learn from or adopt best practices from, I
17 think that's ideal, and that's where we go for the
18 data more often than the USPTO current
19 collections.

20 So, I think the system macro actually is
21 working better than we think it is. I think it's
22 maybe not working here as optimally as it can, but

1 it's not that it's not available. I think it's
2 available, just not implemented.

3 DR. GRAHAM: Thank you. It would be
4 helpful, if you are going to be submitting
5 follow-on comments in written form, if you could
6 give us some sense, if it's available and
7 possible, some sense of what the lag looks like
8 and also some sense of what really just never
9 arrives.

10 DR. MARTIN: (off mic)

11 DR. GRAHAM: Great, thank you. Yes,
12 Michael Lubitz.

13 MR. LUBITZ: I just had a comment on
14 David's comments. David's really focusing on
15 secure transactions involving financial entities
16 where they have really an incentive to record so
17 they can perfect their interests, and if they fail
18 to do that, they lose that collateral. What we
19 try to encourage -- and this is about the
20 education, this is what David recommended -- is
21 that everyone should be in the practice of
22 recording changes in ownership at the USPTO to

1 protect their interests. And it seems that a lot
2 of the discussion on the legal side was about, you
3 know, if you don't record your interest as the
4 real owner, then you're going to lose your
5 standing to pursue remedies that you have under
6 the regulations or the law. And so that seems --
7 and that's kind of the crux of the issue, that
8 people should record on a timely basis whether
9 they have a security interest or not and then to
10 make that process as painless as possible, because
11 the people only record what they have to
12 generally, and so that's -- the real challenge is
13 how do you implement this to get that type of
14 information on a timely basis.

15 DR. GRAHAM: Courtenay Brinckerhoff.

16 MS. BRINCKERHOFF: I just have one minor
17 comment that Mr. Lubitz comments brought to mind.
18 It has nothing to do with the change in the law,
19 but under the current assignment recordation
20 practice, if something is assigned in error, the
21 only person that can correct it is the person who
22 recorded it. So, if we discover that someone

1 transposed numbers and inadvertently recorded an
2 assignment document under our client's patent, we
3 are at the mercy of asking that person to correct
4 their error. So, I think it's the Patent Office
5 that is going to be looking at the significance
6 and criticality of the assignment database, that
7 something that you all should also look at is
8 letting the actual patent owner correct any errors
9 that have been recorded against it.

10 DR. GRAHAM: Thank you very much.
11 There's an issue also, Courtenay, that you brought
12 up about how there are several places in the
13 statute that talk about the optionality, that this
14 is actually -- it's optional to provide this
15 information. I would just like to hear if there
16 are any views from the roundtable on that
17 particular issue.

18 Professor Rai?

19 PROFESSOR RAI: It is the case that §
20 261 of the patent statute does not require
21 recordation; it provides an incentive to record,
22 because if you don't record, you can't assert

1 against a subsequent purchaser. That said, I
2 think to say that § 261 provides the exclusive
3 venue by which these issues can be dealt with I
4 think would be a very strong interpretation - and
5 forgive my Latin here -- of the *expressio unius*
6 principle. The *expressio unius* principle is a
7 principle of statute interpretation that says if
8 Congress stated something in one section of the
9 statute that prohibits interpretations that would
10 either be supplementary to that or even perhaps in
11 slight tension with that provision. I think that
12 would be a very strong interpretation of *expressio*
13 *unius* to say that 261 is the exclusive remedy in
14 this particular context, particularly given, as I
15 said, the patent authorities, the patent
16 regulatory authority given under § 2.

17 DR. GRAHAM: Thank you. And Courtenay
18 Brinckerhoff.

19 MS. BRINCKERHOFF: I would just also add
20 that also overlying this issue is the AIA, which
21 newly created this ability to name an applicant
22 that's not an inventor but made that wholly

1 optional. So, even is an application is assigned,
2 under the AIA you can still name the inventors as
3 the applicant. I think that colors my questions
4 about the authority as well.

5 DR. GRAHAM: Thank you. Saurabh
6 Vishnubhakat, USPTO.

7 MR. VISHNUBHAKAT: So, I'd like to kind
8 of propose a general question to the panel about
9 the way in which we've discussed this being, you
10 know, kind of a -- how to frame it, even -- we
11 don't know what we don't know, right? The extent
12 of our ignorance is unknown to us in some sense in
13 this area, because we are unable, perhaps except
14 in the case of secured transactions, we really
15 don't know how best to calculate the cost and
16 benefits at a very high level of granularity. So,
17 what I've heard from some of the panelists is that
18 if the benefits aren't high, then all we're
19 introducing is transaction costs that are unknown
20 and perhaps unknowable until we're in the thick of
21 it. So, should we perhaps go further and start
22 from the idea that unless we can do this well we

1 shouldn't do this at all, and so ask for something
2 more muscular like recording of all transactions,
3 recording of all assignments, and do away with
4 this, you know, kind of checkpoint-based approach?

5 I think I heard Ms. Brinckerhoff say
6 that if we have an obligation, an ongoing
7 obligation, to update once the initial requirement
8 has been satisfied, then the checkpoint approach
9 may be moot. So, is that something that the panel
10 would be supportive of, to step back from this,
11 you know, maintenance fee-only or particular
12 points during prosecution, and just say that
13 there's a real ongoing obligation to just record
14 all assignments and make sure that the record is
15 updated that way?

16 MS. LEE: If I could just add a point to
17 what my colleague was saying, because I think
18 that's a very good point, because I think there
19 have been academic studies that indicate that NPEs
20 tend to buy patents near expiration. So, if it's
21 true that that's the case and if it is, you know,
22 something that is of interest to the companies and

1 the stakeholders -- right? -- it is truly the
2 checkpoint at maintenance fee payment stage,
3 which, as you know, toward the end of the patent
4 gets to be very -- I mean, that's a long period of
5 time. Is the proposal really the most effective
6 proposal?

7 DR. GRAHAM: Thank you. For the
8 stenographer, that was Michelle Lee. I see David
9 Martin.

10 DR. MARTIN: I think the Constitution is
11 very clear that the benefit is to a party. That's
12 why we have this thing in the first place. So,
13 we've got to remember that the Constitution starts
14 with saying this is a benefit which is a social
15 contract between the public, who actually
16 acknowledges a commercial aberration, and the
17 beneficiary, who is a beneficiary. And they were
18 jumping so far into the weeds of procedure to
19 forget the actual constitutional framework, which
20 is pretty important.

21 That would suggest that the beneficiary,
22 over the duration of the statutory period, is

1 actually material at every point during that
2 period. That's what the Constitution is
3 unequivocally stating. So, I don't think there's
4 a question of whether or not the social benefit,
5 which is the social half of the contract, is ever
6 subject to a cancellation of interest of the
7 public until the cancellation of the right, which
8 is it's actually statutory life. So, I think that
9 the duration on a milestone procedural basis is
10 actually somewhat irrelevant. And I actually
11 agree that procedurally if there is no change, the
12 additional burden of reporting it still the way it
13 was is actually just a burden. I don't think
14 society benefits from that. I do think that
15 society does benefit from finding out that the
16 beneficiary has changed, and to my point of the
17 bankruptcy of Kodak, it's very material. There is
18 a difference between those patents held by Kodak
19 and those patents held by now an association of
20 RPX and Intellectual Ventures and Google and Apple
21 and everybody else. That's a material alteration
22 of the operating conditions of the economy.

1 When the Patent Office was moved to the
2 Commerce Department -- because, remember, this
3 used to be another jurisdiction -- when it was
4 moved to Commerce, it was moved to Commerce
5 specifically for the point I'm raising. This is
6 actually part of the economic engine of growth,
7 and it was for the incentivization of growth.
8 That's why we moved it out of Interior. And it's
9 important to understand that the legislative
10 framework of the migration of the Patent Office
11 and the constitutional framing actually answers
12 our question, and that is as long as the patent is
13 outstanding, the beneficial interest holder is
14 material to the public, because that is the social
15 contract under which the patent is established.

16 DR. GRAHAM: Thank you. I see Marian
17 Underweiser.

18 DR. UNDERWEISER: Yes, thank you. It's
19 an interesting question. I think we've heard that
20 most of the business interest here is in favor of
21 transparency, and I think it's really important
22 that we're talking about the burden, and the

1 burden is primarily to the patent practitioner
2 community or it's at least borne by the patent
3 practitioners, which I think Colleen Chien pointed
4 out very clearly. So, we're talking about having
5 this benefit of having the accurate ownership
6 information. Maybe we only need it updated when
7 that information changes. Maybe that reduces the
8 burden on our practitioners on -- I'm a patent
9 lawyer -- on actually complying with these
10 burdens. And what I would suggest is that whereas
11 most of the more sophisticated parties who are
12 buying and selling patents will know or ought to
13 know when it's time to record their patent
14 assignments and their new interests perhaps with
15 the smaller parties, and we've talked about them
16 today.

17 Something that would help might be to
18 not necessarily require another statement or paper
19 or due diligence at a lot of these checkpoints,
20 but perhaps there can be reminders. Reminders can
21 be sent. Reminders can be sent at issuance or at
22 payment of maintenance fee. Has there been an

1 assignment check, the assignment record? -- so
2 that if the practitioners and the small entities
3 are aware that they may have this ongoing
4 obligation, we have to have accurate ownership
5 information. Then, you know, that's well and
6 good. But there are these checkpoints where they
7 will really read the paper and then be able to say
8 well, you know, have I complied with this duty?
9 So, this may be another way to accomplish the
10 goal.

11 DR. GRAHAM: Thank you. And Michael
12 Lubitz.

13 MR. LUBITZ: I think that, you know,
14 this is really -- there's a larger issue here
15 about competitiveness of the Office and of
16 intellectual property function within the United
17 States. And we want to be operating at the
18 highest level and lead the leader. And so if
19 there's some way that -- I look, really, at this
20 most as a module modernization where the
21 assignment module is modernized to create the
22 least burden but maximize the usefulness of the

1 information within the various objectives of
2 businesses.

3 But I also think, from the standpoint of
4 the U.S. Economy and remaining competitive, that
5 we need to push and be the leader here. And, I
6 mean, there's no question that the marketplace for
7 patents -- the U.S. is the leader. And so how do
8 we maintain that?

9 DR. GRAHAM: Thank you very much. I did
10 want to have an opportunity to give people who are
11 here visiting in the gallery today an opportunity
12 to make a comment. If there's anyone who feels
13 compelled to give some commentary--

14 Okay. Seeing none, and seeing no
15 additional requests, and given that we are close
16 on our appointed time, are there any questions
17 from any of the participants today that you would
18 like to share?

19 Okay, I see none there either. So, with
20 that, let me officially close this roundtable on
21 collecting real-party-in-interest information. We
22 at the USPTO thank you for your candid thoughts,

1 and the agency will be following up on this
2 meeting today with more consideration on this
3 important topic.

4 I remind everyone listening and everyone
5 here in the room that we are keeping the written
6 comment period open until Friday, January 25th, so
7 you still have an opportunity to participate for
8 two more weeks through written comments. Please
9 see our Federal Register notice for more
10 information on how to comply with that.

11 And with that, thank you, and have a
12 safe trip home.

13 (Whereupon, the PROCEEDINGS were
14 adjourned.)

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1 CERTIFICATE OF NOTARY PUBLIC

2 COMMONWEALTH OF VIRGINIA

3 I, Irene Gray, notary public in and for
4 the Commonwealth of Virginia, do hereby certify
5 that the forgoing PROCEEDING was duly recorded and
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8 under penalty of perjury; that said transcript is a
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